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POLITICAL ECONOMY:

ITS

OBJECTS, USES, AND PRINCIPLES:

CONSIDERED WITH REFERENCE TO THE CON-
DITION OF THE AMERICAN PEOPLE.

WITH A SUMMARY, FOR THE USE OF STUDENTS.

BY

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HARPER & BROTHERS, 82 CLIFF-STREET.

1840.

HB161
P77

Entered, according to Act of Congress, in the year 1840, by
HARPER & BROTHERS,
In the Clerk's Office of the Southern District of New-York.

ADVERTISEMENT.

THIS volume consists of *four* parts.

The *first* part, entitled *Preliminary Chapter*, discusses the *Object, Uses, and History* of Political Economy.

The *second* part is an exposition of the *fundamental principles* of the science, in connexion with various questions of practical interest.

The *third* part, or *Supplementary Chapter*, is a special *application* of these principles to the condition of labouring men in the United States.

The *fourth* part is a brief *Summary* of the same principles for convenient reference, and especially for the use of students in seminaries of learning.

The *second* part is substantially a reprint of the first ten chapters of Scrope's Political Economy, a work published in England in 1833 by G. Poulett Scrope, Esq., a member of the House of Commons, and well known in his own country as an able writer on Currency, Taxation, &c. In adopting that portion of the work which contains the elements of the science, it was found necessary to abridge a few chapters, to enlarge others, and to modify various statements of the author, in order

either to adapt them to the meridian of this country, or to make them more consonant with the editor's views of truth. So many alterations of this kind have been hazarded, that they could not, without inconvenience, nor without some appearance of pedantry, be specified in notes; and hence the alternative has been taken of issuing the work without the name of Mr. Scrope in the title-page, that he may not be held responsible for doctrines which he does not teach. Wherever it has been found expedient, instead of altering the text, to add a note, that course has been adopted, and the note designated by the abbreviation (*Ed.*).

The *three* remaining parts of the volume are from the pen of the editor.

Two objects have been kept in view in preparing this work: *first*, to provide a treatise for general readers, adapted to the times, and especially to the wants of our country, which should not be encumbered unnecessarily with controversial matter or with abstract discussions; *secondly*, to furnish a cheap and convenient *manual* for seminaries, in which larger and more expensive text-books could not well be used, or in which it might be thought desirable to confine the student's attention to such doctrines as are best established and most generally useful.

This volume will probably be followed by an-

other, in which the subjects of Pauperism, Taxation, Currency, Banking, and Trade will be discussed, with direct reference to the state and prospects of our own country.

The editor takes this opportunity of acknowledging his obligations, while preparing this volume, to a learned and valued friend, Professor Tellkamp, late of the University of Gottingen, but now of Union College. Besides many valuable suggestions, this gentleman has contributed an Essay on Currency and Banking, which will be inserted in a future volume.



others, to which the subjects of European literature
 have been, and are, and I hope will be, the
 subject of the most attentive and most judicious
 study of our countrymen. The subjects of
 the present volume are, however, of a different
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THEORY OF THE

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PRELIMINARY CHAPTER.

IN entering upon any department of Learning, it is desirable, in the first place, to form some notion of its precise *Object* and *Uses*, as well as of its *past History* and *present State*. To meet this want is the aim of the present chapter.

I. OBJECT OF POLITICAL ECONOMY.

This branch of science proposes to investigate the *laws which regulate the* PRODUCTION and DISTRIBUTION of *property* in a nation, and from these laws to deduce *practical rules* for the guidance of a people both in their *private pursuits* and in respect to *legislation*. It forms one department of the more general science of *Politics*. It considers men in society as occupied in acquiring property, and it proposes to explain the principles by which they are governed in this pursuit, the causes which most contribute to their success, and the influence of such success on their general welfare. It begins by *assuming* that property is not only a legitimate object of desire, but also a most powerful agent in the work of civilization; that it owes its existence, in all cases, directly or indirectly, to human skill and industry co-operating with nature; and that it becomes of the highest importance, therefore, to ascertain in what way such skill and industry can

be rendered most effective and useful. These are preliminary truths, each of which merits elucidation. We have only room, however, in this place, to commend them to the notice and reflection of the reader.

II. USES OF POLITICAL ECONOMY.

At first sight there would appear to be little, if any, occasion for such a science. All men know that industry and economy are the conditions on which alone, as a general rule, individuals can hope to acquire property ; and it may be said that what is obvious in respect to individuals, is not less obvious in respect to communities, which are made up of individuals. Where the people are all industrious in creating value, and where they are careful, from year to year, to consume, each one, less than he produces, it must be evident that wealth will accumulate, and the nation ultimately become rich. What then remains for political economy to teach ? Does not this simple truth comprise all that can be known upon the subject ; or all, at least, that the mass of mankind can be made to comprehend or act upon ? The answers to these questions will serve to indicate some of the claims which this study is thought to have on our regard, both as a subject for reading and inquiry, and also as a branch of elementary education.

I. In the first place, then, instruction is needed to demonstrate, and, above all, to *enforce* the truth, that *labour and economy are the true sources of wealth*. Truism though it now seems, this principle was overlooked to a great extent even by

statesmen before the time of Adam Smith, and at this moment it is recognised and acted upon much less generally than might be supposed. Is not the world still full of expedients by which men are to become rich suddenly and without pains? By too many is not labour still regarded as a great hardship rather than the necessary condition of their highest welfare and enjoyment, while almost all are ready to stigmatize frugality as a niggardly virtue? How many of the exchanges of property which take place by way of what is termed *speculation*, add nothing to the aggregate wealth of a people; being but delusive expedients for creating value *without* industry or economy, and serving to absorb a vast proportion of talent and capital which might have been usefully employed? So in *charity*. If the benevolent duly appreciated this fundamental truth of political economy, they would be more careful so to bestow their bounty as not to paralyse industry or engender a spirit of improvidence. It is melancholy to observe how much injury can be occasioned by even the noblest sentiments when misdirected, or when indulged by the ignorant and unreflecting. So, again, in *government*. In older countries, many live in idleness and *ennui*, as pensioners on the public purse, who would have been useful and happy *producers* of wealth had government placed a proper estimate on industry, relieving, on the one hand, none but unavoidable indigence, and rewarding, on the other, only those who have rendered actual service; doing this, however, promptly and adequately.

II. Instruction is also needed to unfold the va-

rious *agencies which conspire with industry* in the production of wealth; and more especially the *various forms assumed by industry and economy* when these are most productively employed. Besides industry, the workman, in order to fabricate anything valuable, must have materials, tools, knowledge, temporary subsistence, &c. When fabricated, the article may require to be transported to a distant market, and to be left for a time in care of some one in order to be sold; as, when sold, the proceeds may need to be exchanged for other articles more desired by the artificer, or to be placed in deposit for safe-keeping. So, again, the artificer may be sick, and require medical aid to enable him to resume his labours; or his legal rights may be invaded, and he may need the professional services of an attorney to protect him from oppression or loss.

It is obvious, then, that he is dependant for much of his efficiency as a producer on the co-operation of others. Of these, some furnish him with materials and food (or money to purchase them), the results of previous labour, which have been saved by economy, i. e., by abstinence from present gratification. Others contribute kinds of labour different from his own, but without which his own would have been in no demand, or would have been comparatively unproductive. Thus, for example, the bread which we eat is not the produce of the baker's industry merely, nor of the miller's, nor of the farmer's, but of all these combined; and not only combined, but in the case of each one aided and enforced by *capital*. Neither one of these could have supplied bread where it is wanted by

the city consumer, of the right quantity and quality, and at precisely the right time, unless he had been aided by all the rest ; nor could all of them together have done it, unless each in his proper sphere had been supplied with the accumulated results of previous labour in the form of capital.

We are thus brought to the one *great* and *indispensable* condition of all efficient production in society, viz., Co-OPERATION involving *division of labour, exchange, and capital*. 1. There must be labour, but that labour, in order to be made skilful and more productive, must be so distributed that each one shall be able, by devoting himself to a single employment, to acquire facility. 2. To render such distribution possible, there must be mutual *exchanges* of the *surplus* remaining to each labourer after his own wants have been supplied. 3. To enable this skilled and distributed labour to apply itself continuously and in the most efficient manner, it must avail itself of the stores which have been laid up by a provident economy, i. e., *of capital*.

It will be perceived, then, that a commodity, when at length it reaches the consumer, owes its value to several species of labour, each of which alike has been applied to it, and to each of which, therefore, remuneration is due ; and also to capital, for the use and risking of which the owner, no less evidently, is entitled to profit. Under whatever form labour is exerted, whether by the *husbandman* in furnishing the raw material, or by the *mechanic* in so transforming that material as to adapt it to our use, or by the *merchant* in transporting, preserving, and selling it, or by the

physician in taking charge meanwhile of the labourer's health, or by the *attorney* and *magistrate* in securing to him the protection of law, or by the *teacher* in augmenting his knowledge or the knowledge of his children; in whichever of these forms industry is applied, it is evident that the agent is a *productive* member of society, and, as such, may claim his rightful share of respect and reward. Not less is he a productive agent, who, by self-denial, forecast, or activity, provides *capital*, that "giant labourer," without which the arm of the husbandman or artisan would be all but powerless.

These are truths, which, when thus stated, cannot but appear almost self-evident. In practice, however, they are frequently overlooked. One class of labourers rails at another, as if its members alone were *producers* of wealth, and the rest but drones in the social hive. The capitalist expatiates upon the power and useful agency of capital until he forgets that it would be worthless unless wielded by the steady hand of industry; the industrious, in their turn, speak of the capitalist as a bloated reptile, who fattens at their expense, and yields back nothing to sustain or enrich society. These prejudices, vulgar as they may appear, have controlled not a little of the legislation of the world, and are at this moment active in our own country. The relative rights of capital and labour, and of different kinds of labour as compared with each other, is the question lying at the foundation, not only of ancient and embittered controversies in England, and of strikes and Trades Unions in America, but of discussions now much more rife. Happily, however, with us, capital and labour are so gener-

ally held and applied by the same person, that error on such subjects is less prevalent, and, where prevalent, is less pernicious than it is abroad. Yet even here it still broods over many minds, and is entirely dispelled from, I had almost said, none. We argue, then, in behalf of the study of Political Economy among the people, because we believe it will impress those of different pursuits with a deeper sense of their relative rights and respective usefulness, inspiring them with feelings of stronger cordiality, and with a greater disposition to *co-operate* in promoting their own and the general weal.

III. Instruction in Political Economy will serve, again, to enforce and recommend the all-important truth, that *the productive power of both labour and capital may be vastly increased*. If property is a blessing, it becomes alike the interest and duty of every one to augment it, by giving to the instruments of production the utmost efficiency. Now Political Economy proposes to teach how this may be done: 1st. By *knowledge*, i. e., by such an acquaintance with the laws of nature and the state of the world as enables both workman and capitalist to choose the shortest and most certain road to their objects. Bleaching cloth, which was formerly the work of months, is now, by the aid of chymical science, performed in a few hours. The natives of South America spent (Ulloa tells us) even years in weaving, without machinery, a piece of cloth which a workman, aided only by a hand-loom, would produce now in a few days. Enable the same workman to substitute the power of steam or water for his own strength, and you add, again, a

hundred, and, in some instances, a thousand fold to his productive capacity. With the *self-acting mule*, one girl, in spinning cotton, will do the work of from eight to twelve hundred. These, of course, are but specimens of the advantage which results from coupling science with labour and capital: an advantage which is experienced in every department of the arts, and which seems to admit of almost unlimited extension.

2dly. Political Economy also shows how the productive power of labour, and even of capital, may be increased *by the moral and intellectual culture of the labourer*, i. e., by raising his character. It must be admitted, however, that this truth has not usually held that prominent place in the science to which it is entitled. By scientific writers, as well as by manufacturers and capitalists, it seems to have been too often assumed, that the progressive degradation of the operative must be the inevitable result of the triumphs of modern industry,* and that education could do little except for the employer. To this melancholy conviction they have seemed too ready to resign themselves, not

* The views of Smith and other writers in respect to the tendency of the *division of labour* to deaden the faculties and circumscribe the intelligence of the operative, may be taken as an example. They seem to have overlooked the fact that this tendency might be more than counteracted by the intimate intercourse and associations among workmen induced by such division; by a view of the new and wonderful improvements in machinery, &c., which are constantly forced upon their attention, and which are the result of knowledge, and by the habits of readiness and activity which are cultivated in large manufactories. It may be added, that the very monotony of employment occasioned by such division not only facilitates, but is likely to *constrain* the application of the mind to other subjects on which it can expend its surplus activity.

considering that such triumphs, however splendid, might be purchased at too dear a rate, and that the wheels of modern enterprise had better roll back, than advance only to crush beneath their ruthless weight the hopes of so large a proportion of mankind. But we cannot believe that there is any such dire alternative. It seems like an impeachment not only of the goodness, but of the wisdom of God, to suppose that he can have connected the ultimate and highest achievements of industry with the deterioration of the industrious classes; to suppose that men who have become besotted by vice and enslaved by ignorance are to be employed as the most efficient instruments of production. That in some countries the arts may have improved and wealth been accumulating while the labourer has appeared to degenerate, we do not deny. But we hold it to be equally clear that such was not the purpose of Providence, and that, by this very circumstance, the increase of wealth has been greatly retarded. *The power of every individual as a producer will be augmented in exact proportion to his intelligence and virtue.* By increased intelligence he is able not only to perform his allotted task better, but to suggest improvements; and by increased virtue he becomes at once more useful to society in educating his children, husbanding his property, &c., and more valuable in his employment, inasmuch as he is more worthy of confidence. No one can have visited those of our manufacturing villages which have been brought under the combined influence of good schools, temperance societies, and churches, without being amazed at the consequent increase, not

only of comfort, but also of productive energy. Instead of the vice, idleness, and squalid poverty which other countries may have taught us to associate with manufacturing industry, we find that in such villages, as elsewhere, order, competence, and comfort are the invariable result of a proper system of culture, and that the value of a workman's services to his employer always rises in a ratio with his own moral and intellectual elevation. Indeed, the whole history of New-England, rich at first in nothing but the intelligence and virtue of its people, and yet always pre-eminent for its productive power, is full of instruction on this subject. That history teaches that FREEDOM, EDUCATION, and MORAL WORTH constitute with every people the grand elements of material prosperity no less than of social and individual welfare.

3d. Instruction in Political Economy will teach us farther how to increase production, by teaching us *to distinguish between a true and a false economy*. There was a time when men thought that, in order to become rich, they must *hoard* their property. We now begin to understand that, if we would have it accumulate most rapidly, we must keep it employed. Still, the true uses of capital—the importance, on the one hand, of having it actively employed, and yet the advantage, on the other, of many investments which yield but a slow return—the immense difference to the community, as well as to ourselves, between productive and unproductive expenditure—all these and many other kindred subjects are still but imperfectly understood, and, even when understood, are not always reduced to practice. On the one hand there is much of that

penurious expenditure, by both individuals and states, which has been described as "penny wise and pound foolish," and on the other there has been great and almost unlimited profusion in regard to objects which could yield no equivalent of pleasure to the individual, or of benefit to the community. One man allows his property to lie unproductive, because he dreads an outlay which will be sure, however, in a few years, to repay him liberally; while another invests in a splendid mansion or in sumptuous furniture capital which he needs for his business. Even the same man may be seen one day mourning over the prodigality with which money is lavished on railroads or canals, and the next day encouraging his wife or daughter to pay \$50 for a pocket-handkerchief or \$1000 for a necklace. We are far from denouncing the luxuries of life; but we cannot but entertain more respect for him who, after providing handsomely for the wants of his family, employs his remaining income in permanent improvements on his estate, in reclaiming unoccupied or regenerating exhausted soils, in erecting useful buildings, than for him who expends the same amount on grand dinners, fine houses, or masquerade balls. In a country where there is "ample room and verge enough" for the productive employment of capital, and where, too, there are such noble objects of public utility to which we may apply our surplus gains, one cannot but lament the precocious extravagance with which such gains are often wasted. Let him who has five hundred dollars to spend, and who is tempted to such extravagance, but reflect upon the different results which would be likely to follow

were it devoted to the intellectual culture, or to the religious and moral instruction of his countrymen or of the world.

4th. Another means of increasing the productive power of both labour and capital is to *transfer to useful employments the vast amounts of both which are now misdirected*, being employed in fabricating useless or pernicious commodities. Experience has taught, for instance, that the use of intoxicating substances as beverage or refreshment is never advantageous, and almost invariably hurtful; that it tends insidiously to excess, and that, through such excess, a fearful and almost incalculable amount of property, as well as of life and happiness, is annually sacrificed. It is too evident for argument; that, while these substances, when thus employed, do, according to the most eminent physicians, no good, they, on the other hand, are, in cases almost innumerable, disabling the labourer, absorbing a large proportion of his gains, and debasing him in his character. In what light, then, must Political Economy regard the application of capital and labour to the manufacture of such substances for such a use: a manufacture which destroys no small part of our bread-stuffs, occupies many thousand hands, diverts from useful employments an immense amount of capital, and which can flourish only by spreading abroad poverty, wretchedness, disease, and death? To be able to answer this question, we have simply to consider what effect would follow were this vast amount of capital and enterprise transferred in a single day to the cultivation of the soil, and the fabrication of useful and elegant commodities; were those instruments,

which are now productive only of evil, transformed at once, as if by enchantment, into the beneficent ministers of humanity and civilization! The lessons of Public Economy are here, as everywhere else, in unison with the voice of morality. This science protests against *distilling* and *brewing* on the same principle as it protests against *gambling* and *war*. With the relative innocence of these pursuits it has no concern. Its only appropriate province is to point out their *relative influence on production*, and, considered in this respect, they evidently belong to the same class, and must incur the same condemnation.

I have thus specified *three* principal ways in which the study of Political Economy would be likely to be useful. It may not be improper to add here, that there is much in our own age, and especially in this country, which recommends this study to peculiar favour. It is the age pre-eminently *of the people*; an age in which their welfare and prosperity have become the great objects of attention as well to the statesman as to the philanthropist. It is also an *age of peace*; one in which men have discovered that the game of war is expensive to both parties alike, and that the intelligent application of a nation's powers to the useful and liberal arts is the only true way to enduring greatness. It is, in fine, *an age of industry*; one in which the true agency of property, as an element in human improvement and civilization, is beginning to be understood; in which the influence of the industrious classes is proportionably increased, and in which, of course, it becomes more than ever important that that influence should be

well directed. If this be true of the world at large, it is yet more true of our people, who are nearly all devoted to the work of production in some one of its forms, and who are accustomed to measure every enterprise and every question in no small degree by its bearings on that work. In such an age, and especially in such a land, where many of the topics discussed in works on Political Economy are perpetually before the people, it seems doubly important that they should be made familiar with great fundamental truths, and not be occupied only with details. It is important, too, that they should be accustomed to efforts of comprehensive thought and inquiry, and be taught to look in their own plans beyond the present. Above all is it important that they should be led to raise their minds from the survey of mere production, to its uses in advancing the dignity and welfare of man ; to read those solemn moral lessons which this science addresses to the reflecting and conscientious ; to behold that perfect harmony which the Creator has established between his *moral, intellectual, and economic laws*, and thus to lay deeply to heart the truth that *virtue and self-improvement*, as they constitute the grand *end* of life, so are they *means* most efficient for the attainment even of property.

IV. Hitherto I have spoken of the uses of Political Economy to individuals when engaged in their private pursuits. It must be considered, however, that in this country each one sustains relations to the public and to the great work of legislation which render his acquaintance with this subject doubly desirable. Many of our laws are

intended to bear favourably on the production and distribution of wealth. That they often fail of their object is but too evident, and it is hardly less evident that this failure must be ascribed to the want of large and enlightened views, not merely in those who frame laws, but yet more, perhaps, in those who, by their votes, determine the selection, or by their influence direct the policy of legislators. We are far from supposing that every person can be made to comprehend thoroughly all the intricate questions which this science presents. Not a few of them, as we well know, are encumbered with insuperable difficulties even to the clearest and most sagacious minds. Still it might be well if the people were so far instructed, even with regard to such questions, that they could appreciate, at least to some extent, the magnitude of these difficulties. It would dispose them to be more tolerant towards those entertaining different opinions; and, above all, it would teach them the necessity of greater caution before they venture on sudden or material changes in public law or policy. Nothing, probably, has contributed more to bring this study into disrepute, than the rash and inconsiderate manner in which some of its principles have been applied to legislation. A few sweeping and comprehensive maxims, that have passed from the writings of Smith into vulgar currency, are seized upon, and, without regard to the nice limitations under which they were originally put forth and must always be employed, they are applied to every case, however peculiar or critical. "Nothing is more adverse to the tranquillity of a statesman," says the author of an eulogy on the administration

of Colbert, "than a spirit of moderation ; because it condemns him to perpetual observation, shows him every moment the insufficiency of his wisdom, and leaves him the melancholy sense of his own imperfection ; while, under the shelter of a few general principles, a systematical politician enjoys a perpetual calm. By the help of one alone, that of a perfect liberty of trade, he would govern the world, and would leave human affairs to arrange themselves at pleasure, under the operations of the prejudices and self-interests of individuals. If these run counter to each other, he gives himself no anxiety about the consequence ; he insists that the result cannot be judged of till after a century or two shall have elapsed. If his contemporaries, in consequence of the disorder into which he has thrown public affairs, are scrupulous about submitting quietly to the experiment, he accuses them of impatience. They alone, and not he, are to blame for what they have suffered ; and the principle continues to be inculcated with the same zeal and the same confidence as before."

The student of Political Economy cannot be too often reminded, that the principles laid down in books, however true in the abstract, rarely admit of immediate and unqualified application to public affairs. By the great masters of the science they are usually stated with some reserve, and as representing the *ultimate* rather than the *immediate* objects at which governments ought to aim. "It must," says Mr. Hume, "be advantageous in all cases to know what is most perfect in the kind, that we may be able to bring any real constitution or form of government as near it as possible, by

such gentle alterations and innovations as may not give too great disturbance to society." The great error of theorists is, that they do not appreciate the impediments which must always oppose the practical adoption of any new system, and they are therefore impatient of "*gentle alterations*." They do not consider that a vicious system may "not only introduce," to use the language of Smith, "very dangerous disorders into the state of the body politic, but disorders which it is often difficult to remedy, without occasioning, for a time at least, still greater disorders:" that "the man whose public spirit is prompted altogether by humanity and benevolence will," to borrow again from the same high authority, "respect the established powers and privileges even of individuals, and still more of societies, though he should consider them as in some measure abusive. When he cannot conquer the rooted prejudices of the people by reason and persuasion, he will accommodate, as well as he can, his public arrangements to them. If he cannot establish the right, he will not disdain to ameliorate the wrong; but, like Solon, when he cannot establish the best system of laws, he will endeavour to establish the best that the people can bear." It is much to be regretted that the writings of political economists have not contained more of this kind of counsel. Principles are too frequently stated without the necessary qualification, and as if they were fitted for immediate and universal adoption. It seems to have been almost forgotten, too, that the first and safest place for applying these principles is in private life; and by drawing illustrations only from subjects of a public or na-

tional character, the erroneous impression has been conveyed, that in respect to these alone could the science assist us.

I cannot close this subject without adverting to an error, the opposite of that which has just been noticed. If some persons are too much addicted to mere speculation, there are others who seem to be deeply infected with a dread of all theories, and, indeed, of all attempts at scientific inquiry. That a theory may be framed without proper regard to all the facts, is true ; and equally true is it that the disciple of such a theory may blind himself to occurrences which ought to have corrected his views, and may thus fail to profit by experience. But is it not also true, that they who boast of being practical men are often partial in their observations and inconclusive in their reasoning ? They are, in truth, no less *theorists* than those against whom they object. No general opinions can be formed or expressed, in relation to trade and industry, without theorizing on facts ; and, since these facts are of constant recurrence, hardly a day can pass or a conversation be held that we do not pronounce some judgment which is, in substance, a theory in political economy. So with books. Every traveller, who, in recording his notices of a foreign land, speculates upon the causes or tendencies of facts ; every historian, who attempts to trace the progressive steps by which nations have risen or declined ; and even every poet, who, like Goldsmith, muses over the ruins of a "Deserted Village," or touches in any way on the vicissitudes of the body politic, is engaged in *theorizing* ; and, if he does it ignorantly and rashly, his speculations may con-

tribute more to diffuse errors in political economy than the most formidable quartos of a Malthus. They, then, who claim to be practical merely because they disregard books and science, are but *theorists* who reason crudely from an insufficient number of cases ; whereas the truly practical man is one who would enlarge his own experience and reflections by the accumulated wisdom of the world ; who, having gathered principles from books, and modified them by his own observation, stands ready still farther to correct and modify them, as the progress of events or the enlargement of his own views shall require. He knows that many of his opinions are at best but approximations to truth ; and that, instead of dismissing all farther inquiry, it becomes him to lose no opportunity of rectifying his data, and of subjecting his reasonings to new and severer tests.

III. HISTORY OF POLITICAL ECONOMY.

This science is of recent origin. Its principles can hardly be said to have formed a distinct subject of inquiry until within the last two centuries.* The respective parts taken in this inquiry by France and Italy on one side, and by England and America on the other, may serve as an apt illustration of the great difference which marks the intellectual character and habits of these nations. The two former had the merit of first proposing

* The labours of Aristotle form, perhaps, the only exception. In his work on Politics (Book I.), as well as his Ethics (Book V.), he has anticipated several of the most important doctrines of modern economists. This is especially the case with the subject of *money*, the proper agency of *labour* in production, and the importance of *freedom* to trade and industry.

theories on the subject, and of giving them a scientific form. The latter were distinguished for the able discussion of particular questions, and for the early adoption of improved systems of national economy. The writers of the former were little conversant in practice with affairs of state; but addicted, both by taste and habit, to speculation, they drew out their views in formal propositions, and held these propositions forth as the subjects of a free, but not always sufficiently cautious or comprehensive discussion. Those who, in the two latter countries, took up their pens, were for the most part either merchants or legislators, and were accustomed to consider only such questions as were of immediate concern, and in regard to which they were called to act as well as think. It required a mind like that of Adam Smith, combining the spirit of both schools, to give at once sufficient scope, and yet sufficient moderation to the study, and to impart to its conclusions an authority which would command regard alike from the scholar and the statesman. Living in a commercial town, intimate with its merchants, and wont, like all his countrymen, to discuss freely all public questions, while, on the other hand, he was withdrawn by his pursuits from the strife of faction, and accustomed to large and comprehensive views of truth, he was pre-eminently fitted for the great work of prosecuting an *Inquiry into the Nature and Causes of the Wealth of Nations*. That work he performed, in a manner which entitled him, in the estimation of Sir James M'Intosh, to a place beside Grotius, Montesquieu, and Locke. Says that judicious and able writer, "The Treatise on the Law of War and

Peace, the Essay on the Human Understanding, The Spirit of Laws, and the Inquiry into the Causes of the Wealth of Nations, are the works which have most directly influenced the opinion of Europe during the last two centuries. They are also the most conspicuous landmarks in the sciences to which they belong."

Thus the history of Political Economy naturally resolves itself into *two periods*; one preceding and the other following the publication of the "Wealth of Nations." During the former, two theories had possession successively of the mind of Europe: the *first*, called the *mercantile*; the *second*, the *agricultural, physiocratical, or economical system*.

According to the *first* of these theories, wealth was derived principally from trade, the great object being to secure what was termed a favourable *balance*, i. e., a balance of exports over imports, which was to be paid in gold and silver. This theory seems to have had its rise, partly in the belief then prevalent throughout the world, that *all wealth was to be measured by the quantity of the precious metals actually in possession*, and partly in the desire which the inhabitants of cities (i. e., merchants and manufacturers) had to secure to themselves a monopoly of trade against foreigners. In order to keep the balance in favour of the nation, or, in other words, to produce a constant influx of specie and bullion, importation was discouraged and exportations stimulated. According to Mr. M'Culloch, Melon and Farbonnais in France, Genovesi in Italy, Mun, Sir Josiah Child, Dr. Davenant, the authors of the *British Merchant*, and Sir James Stuart in England, were the ablest writers who es-

poused, some with more and some with fewer exceptions, the leading principles of the *Mercantile System*.

The *Agricultural* or *Economical System* was the fruit of a natural reaction. The importance of agriculture having been underrated in the Mercantile System, it was but natural, when the error was discovered, that writers should verge to the opposite extreme. Hence Quesnay, the founder of this school, and, indeed, the first modern writer who seems to have investigated and analyzed the sources of wealth with the intention of ascertaining the fundamental principles of Political Economy, maintained that *agriculture* was the *only* species of industry which contributed to increase the riches of a nation. He was a physician attached to the court of Louis XV. Having been educated in the country, he was inclined to regard agriculture with more than ordinary partiality; a partiality which, in his case, was stimulated by seeing its depressed state at that time in France, as well as the evils induced by commercial extravagance. In regard to mercantile and manufacturing industry, he contended that all the value they added to the raw material on which they operated was but just equivalent to the stock and capital consumed by them in the course of such operation. Hence they were regarded as *unproductive* employments; and the Economists (as this school were usually termed) may be regarded as the legitimate precursors of those who in our own age are so prone to stigmatize as *unproductive* all kinds of industry except their own. It must be admitted, however, that the Economist went farther than the orator of the Trades' Union,

The latter is willing to recognise any form of labour as productive, provided only that it be manual labour, and that the employer does not apply it. Instead of regarding (with Sully, the great minister) both "Commerce and Agriculture as teats of the state," they held that the latter alone was the source of wealth, and, that it might be fostered, there must be unlimited freedom of industry. *Laisses faire et laisses passer** (i. e., let every one do as he pleases, and everything take its course) was their motto. They reasoned as many now reason; "since the public interest consists in the union of all individual interests, individual interest will guide each man more surely to the public interest than any government can do." They overlooked the obvious but much-neglected truth, that an individual may find it his interest to prosecute some business which tends to impoverish the community; and, farther, that the proposition that his own judgment is the best and only guide he can have in consulting his private interest, is a proposition which needs to be received with some limitation. The leading doctrines of the Economists became universal in France, and obtained no little authority in England. Next to Quesnay, Dupont de Nemours, Turgot, Condorcet, and Raynal may be regarded as their ablest expounders; and, with all their errors, there can be no doubt that these writers did much to promote a thorough and accurate analysis of the sources of wealth, and of the laws which regulate its production and distribution.

The narrow views which were taken by this sys-

* The reply made by the French merchants when asked by Colbert what he, as minister, could do to serve them.

tem of the nature and functions of labour, could not but strike many minds. For Adam Smith, however, long a professor of moral philosophy in the University of Glasgow, and afterward a resident for several years on the Continent, where he was a close observer of public affairs as well as of philosophical theories—for him it was reserved, not only to demonstrate this pervading fallacy of the Economists, but to substitute in its place a new and more complete system. To him belongs the honour of having first assigned to *labour* its true place as the primitive source of all wealth. He abolished the imaginary distinction between agricultural and other kinds of industry, and showed that, when employed in commerce or manufactures, labour is not less productive of utility than when employed in husbandry. He unfolded, in a clear and beautiful manner, the means by which labour is rendered more effective; and his dissertations on the division of labour, on the use of machinery and the functions of capital, have rarely, if ever, been surpassed. The prevailing error that wealth consisted in an abundance of gold and silver, he may be said to have finally dispelled; and his attack upon the multitudinous and most vexatious restraints which at that time fettered the internal as well as external trade of every country in Europe, was so masterly and overwhelming, that it may be ranked among the most powerful of the causes which have contributed to their abolition.

So great a change, however, has since taken place in the political condition of the world, that much of this great treatise is already obsolete. It

must be admitted, too, that it is by no means free from error; that more than one of its fundamental propositions is questionable; that the spirit which pervades it is too utilitarian; and that, if applied to legislation in this age, and especially in this country, its principles would not always be found safe, much less salutary. Considered, too, as a work of art, it is by no means perfect. The arrangement has been often censured as perplexed and illogical;* the digressions are numerous, and,

* Since writing this passage I have met, not without surprise, with the following passage in an "Account of the Life and Writings of Adam Smith," prepared by the late Dugald Stewart, and read before the Royal Society of Edinburgh in 1793. "It may be doubted," says Professor Stewart, "with respect to Mr. Smith's 'Inquiry,' if there exists *any book beyond the circle of the mathematical and physical sciences which is at once so agreeable in its arrangement to the rules of sound logic, and so accessible to the examination of ordinary readers. Abstracting entirely from the author's peculiar and original speculations, I do not know that, upon any subject whatever, a work has been produced in our time containing so methodical, so comprehensive, and so judicious a digest of all the most profound and enlightened philosophy of the age.*" He remarks, in another passage, that no one had "approached Mr. Smith in the precision and perspicuity with which he had stated" the doctrines of free trade, "or in the scientific and luminous manner in which he had deduced it from elementary principles." Accustomed to regard the opinions of Mr. Stewart with great deference, I might be tempted to retract the criticism on which I have ventured in the text, did I not find that, in addition to the authority of Sir James M'Intosh, which I have subsequently mentioned, I am sustained by the authority of almost every editor or critic of the work. Mr. M'Culloch, in his late edition, speaks of the "perplexed and illogical arrangement" of the "Wealth of Nations" as a great defect, and the writer of a critical notice of that edition, in a recent number of the Edinburgh Review, adds to this complaint that "his" (Smith's) "wanderings are so very extensive, his involutions of digression within digression so very complex, that it is next to impossible to read his work in any other way than as a series of slightly-connected essays on a variety of interesting subjects!" The conviction of this has

in many instances, long; and the exposition of principles not always sufficiently precise. Yet the style is so clear and attractive; the illustrations so rich and pointed; the very absence of arrangement, and the desultory mode of discussion, render it so agreeable to the majority of readers, and the range of information displayed is so vast, that no work on this subject is likely soon to supersede it. "Its very faults," to borrow again the language of Sir James M'Intosh, "have, perhaps, contributed in some degree to its specific usefulness; and, by rendering its contents more accessible to the ma-

led an able French writer (M. Garnier) to prepare what he terms a "Method of facilitating the study of Dr. Smith's work," which is, in truth, nothing less than an entire rearrangement of the various topics discussed. The reason assigned for preparing this "Method" is, that "the *Wealth of Nations* exhibits a striking instance of that defect for which English authors have so often been blamed, viz., a want of method, and a neglect in their scientific works of those divisions and arrangements which serve to assist the memory of the reader and to guide his understanding. The author," continues M. Garnier, "seems to have seized the pen at the moment when he was most elevated with the importance of his subject and with the extent of his discoveries. He begins by displaying before the eyes of his readers the innumerable wonders effected by the *division of labour*; and with this magnificent and impressive picture he opens his course of instructions. He then goes back to consider those circumstances which give rise to, or limit this division; and is led by his subject to the definition of *values*, to the laws which regulate them, to the analysis of their several elements, and to the relations subsisting between those of different natures and origin: all of which are preliminary ideas, which ought naturally to have been explained to the reader before exhibiting to him the complicated instrument of the multiplication of wealth, or unveiling the prodigies of the most powerful of its resources. On the other hand, he has often introduced long digressions, which interrupt the thread of his discussion, and in many cases completely destroy the connexion of its several parts."—See *Smith's Wealth of Nations*, with a *Commentary by the Author of "England and America,"* vol. i., p. 123, London, 1835.

jority of readers, have more completely blended its principles with the common opinion of mankind."

Since the time of Smith several eminent writers have appeared, among whom are Ricardo, Malthus, M'Culloch, and Senior in Great Britain, Say, Garnier, and Sismondi in France, and Sartorius and Storch in Germany. Ricardo is thought by many to have thrown much new light on the theory of *Rent*, and on the reciprocal influence of Wages and Profits. Malthus, though the author of several new doctrines, is principally known by his *Principle of Population*, according to which it would appear that population tends to increase in a ratio much more rapid than capital or the means of subsistence; and hence that its growth, if left to itself, must ultimately plunge multitudes into want and starvation. M'Culloch and Senior are distinguished rather for clear and impressive expositions of existing doctrines than for originality. This is also the chief merit of Say and Garnier, who, with Storch, may be regarded as the most enlightened followers of Smith on the Continent. Sismondi, an able and acute writer, is opposed to the views of Ricardo in relation to *Rent*, to the theory of Malthus in regard to Population, and generally to what are termed the doctrines of Free Trade. It is a subject of much doubt whether the discoveries which are alleged to have been made by some of these writers are entitled to that name.

It would be improper to close this brief historical sketch without adverting to the labours in this department of science of our own countrymen. The love of freedom, and the spirit of bold and restless enterprise which characterized the early settlers,

rendered them impatient of the restrictions which were then imposed on the trade and industry of the colonists; and hence it was that they were ripe for the practical adoption of many new and important principles before they were even discovered in Europe. Nothing in our history is more remarkable than the clearness and force with which such principles were wont to be put forth in their addresses to the throne, in occasional pamphlets, and in petitions for the redress of grievances. It would seem as if the migration of well-trained and educated minds to a wilderness world, and the experience afforded by a position so entirely new, were among the necessary means of emancipating mankind from many of the errors which for ages had rested like a spell on legislation. Among the writers of pamphlets and occasional essays, Franklin, of course, stands pre-eminent. In his views respecting freedom of trade, the mutual benefits conferred by commercial exchanges on both parties, and the folly of attempting to force a favourable balance by prohibiting the exportation of gold and silver, as well as in his opinions respecting the tendency of English corn and poor laws, and the influence of the South American mines on money prices and on the value of the precious metals—on these as well as on other subjects, he clearly anticipates the doctrines of Smith, and shows how much the public mind on this continent was, in regard to such questions, in advance of that of England.* After the

* Many of the Essays of Franklin were written more than twenty years before the publication of the *Wealth of Nations*; and it is also said, on what authority we have not seen, that, while preparing this great work, Mr. Smith was in communication with Dr. Franklin.

close of the war of the revolution and the adoption of the Constitution, vast service was rendered to the science, as well as to the country, by the writings of Hamilton. His reports as secretary of the treasury, on the *Public Credit*, on a *National Bank*, and on *Manufactures*, were fraught with instruction adapted to the state of the country at that time; and there can be no doubt that they contributed most powerfully to the adoption of the policy which has developed, with such wonder-working rapidity, the resources of an infant but mighty empire.

IV. PRESENT STATE OF THE SCIENCE.

The progress which has been made by *Political Economy*, as well as its present state, may be inferred from the opposite opinions expressed in regard to it by writers of authority. By one class its principles are represented to be so clear and incontestable, that they merit the name of "Political Mathematics." By another it is said, that "perhaps no study of the day which bears the name of science presents more vague theory, grave, mysterious empiricism, dull prolixity, inconsequential arguments, gratuitous assumptions, jejune discussions, and elaborate triviality. There are (continues a writer) many useful truths which pass under the name of Political Economy; but a large proportion of the treatises, from that of Adam Smith downward, seem to bear the same relation to an intelligible practical development of the causes and phenomena of national growth, wealth, and decline, that alchymy does to modern chymistry."* Mr.

* See *Encyclopedia Americana*, art. *Political Economy*.

Senior, one of the most recent and highly respected authorities, speaking of several of its principles, says that "they appear almost too plain for formal statement," though he admits that out of England they are not all embraced, and some of them not even comprehended. On the other hand, M. Neckar gives it as his judgment, that "the subjects it involves are so run into one another, that people pass and repass them over and over without ever distinguishing their beginning or end." One able writer* says, "In the far greater part of its doctrines there is nothing perplexing or obscure;" another, perhaps not less able,† gives it as his opinion that "the science is yet in its infancy. If I may venture," adds he, "to call myself an economist, our alphabet is unformed and our knowledge most imperfect." "The known principles of the science leave unexplained some of its most important phenomena." From these contradictory statements, what would be inferred by an uninstructed but impartial reader? Would he not conclude that the science in question was important, but, as yet, by no means perfect; that, while some of its principles were doubtless clear and certain, admitting, too, of very useful applications, others ought to be regarded as mere hypotheses?

Such, we have no doubt, is the truth. No one, we conceive, can be even moderately conversant with the writings of Political Economists, without perceiving that the terms which they employ are often indefinite; that some of their first principles are still

* Edinburgh Review, vol. xliii., p. 1, seq.

† Wakefield, see Preface to Smith's *Wealth of Nations*, with a commentary by the author of "England and America."

matters of earnest debate ; and that doctrines bearing the sanction of the most renowned names, and considered at one time as unquestionable, are now losing authority. Whoever will turn to an article on Ambiguous Terms, prepared by Mr. Senior for Whately's Logic, will see that, in his estimation, even the most important terms appropriated by this science are used not only in different senses by different writers, but in vague and inconsistent senses even by the same writer in different parts of his work.* It is thus apparent that the first condition of scientific accuracy, viz., precision in the use of terms, is still unattained, and that the attempt to raise Political Economy to a place beside mathematics is akin to that made in former times to embody, in the shape of algebraic formulæ, the great truths of moral science.† We may be allowed, perhaps, to express some surprise, that, having thus frankly acknowledged the obscurity which hangs over even the symbols employed in economical reasoning, Mr. Senior should in other places have claimed the merit of such rigorous exactitude for its conclusions.

On the other hand, it deserves to be considered, that the terms employed in a study may be indefi-

* Mr. Ricardo appears (says Mr. Senior) to set out by admitting Adam Smith's definition of *value* in exchange. But in the greater part of his "Principles of Political Economy" he uses the word as synonymous with *cost*: and by this one ambiguity has rendered his great work a long enigma.—*Whately's Logic*, p. 311.

† The attempt here referred to was made by Dr. Francis Hutcheson, one of the most acute and able of those philosophers who resolve all virtue into benevolence. So well satisfied was he of the truth and correctness of his principles, that, in conformity to them, he constructed the formulæ referred to in the text, by which he proposed to *compute mathematically the morality of actions*.

nite, and many of the principles enunciated more than doubtful, and yet the study itself be far from useless. How is it with the moral sciences generally? with Law, Ethics, and the Philosophy of Mind? In each of these we encounter at every step ambiguous language, unsatisfactory analysis, and inconclusive reasoning. Yet we do not, on this account, the less claim in their behalf the regard and application of the student. We still believe that there are great truths which they unfold, and valuable intellectual habits which they cultivate. It is so with Political Economy. Some most important truths it evolves for the first time before the student; others it illustrates and enforces. It gives a new and useful direction to the thoughts; provokes a spirit of inquiry; fastens on the mind certain practical convictions which are invaluable; and arms us against errors which prevail around us. It is in these respects, rather than as a text-book for legislators, that we should be disposed to recommend it.

It would be neither useful nor proper to enter in this place on an examination of the many questions which are in dispute among Political Economists. I shall merely call the attention of the reader to one or two defects, which seem to me to characterize most of their speculations, and against which the student cannot too carefully guard.

The *first* of these is *premature induction*. Too many works in Political Economy have been written in view of the condition of but one or two countries; assuming that such condition was natural, and destined, unless prevented by special effort, to become universal. It may be, however, that it

was purely artificial, having been superinduced by a vicious system of legislation or other cause ; and that countries living under happier auspices may not be destined to the same sad experience. Thus, the excess of population complained of in some countries, instead of being the result (as taught by Malthus) of the superfecundity of the human species, may have arisen from defects in the social systems of those countries which interfered seriously with the natural increase of the means of subsistence. So with many other phenomena. It would seem that, in order to a perfect development of the laws of wealth, distinguishing natural from artificial causes, we need a much more thorough and extended examination of the industrial history of different nations than we yet possess. The prosperity of England first taught economists that low wages were not, as they supposed, essential to the growth of national wealth. So the history of our own country has already served to refute more than one specious but narrow theory, and seems destined to do the same work on others.

One great evil of conclusions drawn from a limited observation is, that what is truth only for one nation or one state of society, is taught as *universal* truth, entitled to reception and practical application everywhere. Thus the economists of Europe, writing in view of a multitude of absurd and costly regulations, which had fettered every species of industry around them, have used language which, under such circumstances, was not unnatural. The difficulty is, that, not content with announcing what was *truth for England or France simply as such*, they have announced it as truth for the whole

world. They have not considered that a country like the United States, with a vast and unoccupied territory, having little capital, and where industry has, from the beginning, been almost without direction from government, that such a country does not need the kind of legislation which may be wanted in an old and thickly-peopled one, burdened with restrictions, and having an industrial skill and capital which gives it great advantage over all other nations. The latter would derive from more intercourse with foreigners, benefits which the latter might be able to attain only by cultivating its internal trade and industry. It is, at all events, quite clear, that language which, written and read in England, would be substantially correct, might, if brought to our country, and read and construed with reference to our institutions, be equivalent to gross error.

This is conceived to be one of the disadvantages under which, as a people, we have laboured in respect to this science. We have borrowed our Political Economy from England, and from works which have been written for the express purpose of operating on British legislation. The changes in industrial and commercial policy, which these works are intended to hasten abroad, were incorporated with our system at its commencement. We already enjoy, in most respects, the utmost freedom of trade towards which other nations so earnestly aspire. Yet, forgetting this, and reading such works as if they had been composed expressly for our use, we apply to salutary, and, perhaps, indispensable provisions of a wise, paternal policy, the condemnation which they levelled only at burdens

and restrictions, not, perhaps, at first without use, but now superfluous and oppressive.

Another fault in the speculations of Political Economy to which we may be permitted to refer very briefly, is the *want of more generous and comprehensive views*. The science is frequently treated as if within itself, and independent on the one hand of Ethics, and on the other of general Politics, it embraced all the elements of social welfare. The *production* of wealth, too, is dicussed as if this were the ultimate and only *end* of human pursuit, and man but its passive instrument. That man is its chief instrument is true ; but by no means that he is a *passive* one. We shall never comprehend thoroughly the laws of production until we learn to do justice to his active powers and faculties. Nor shall we impart to such production its utmost efficiency, until we consider that the value of this, its human instrument, depends chiefly upon his intelligence and virtue, and hence that the cultivation of his higher nature must be regarded as the first and most important step towards it.

Again, if man is the *instrument* of production, he is yet more its *end* ; such production being useful only as it supplies the wants and gratifies the desires of the greatest possible number of human beings ; while, by affording them leisure and inciting their minds to greater activity, it contributes at the same time, both directly and indirectly, to their intellectual and moral improvement. To consider wealth irrespective of these its ends, is not only to infuse into the inquiry too sordid a spirit, but it is to overlook one of the professed objects of Economical Science. This science professes to show,

not merely how the greatest amount of wealth may be *produced*, but also how it may be so *distributed* as best to promote the greatest happiness of the greatest number. To be able to decide this question, we must have previously ascertained in what happiness consists, and how property can be made to concur with other agencies in advancing it among a whole people. So, in order to comprehend man's agency as a producer, it is not sufficient to assume, with Smith, that, in all his industrial efforts, he is governed merely by self-interest, and that the only principles antagonist to this are aversion to labour, and the desire of immediate in place of remote gratification. A more thorough analysis would disclose other and more generous principles co-operating with this desire of gain, and would require us also to make allowance for other counteracting causes. In one word, as Political Economy forms but a branch of the Philosophy of Man, it should begin, we conceive, by borrowing more largely from that philosophy its first principles. It should accustom us to look at man, not merely as the slave of a narrow self-love, who not only *may*, but *must* care only for himself, but as the member of a vast family, to whose claims he may not be insensible, and for whose advancement he was ordained to labour. Instead of withdrawing itself from other and kindred branches of study, it should become more intimately associated with them, and should thus teach us to entertain larger and more generous views of the duty and destiny of man. Not content to deal only with propositions which, like those of Geometry, are

true but in the abstract,* it should aim to speak to the business and bosoms of men. Then will it richly merit the too partial praise bestowed by M. Garnier on the *Wealth of Nations*. "The science of Political Economy," says he, "considered according to the view of the French economists, must be classed with the *natural* sciences, which are purely speculative, and can have no other end than the knowledge of the laws which regulate the object of their researches ; while, viewed according to the doctrine of Smith, Political Economy becomes connected with the other *moral* sciences, which tend to ameliorate the condition of their object, and to carry it to the highest perfection of which it is susceptible."

* Says a very able writer and admirer of the science, "The conclusions of Public Economy, like those of Geometry, are only true, as the common phrase is, in *the abstract* ; that is, they are only true under certain suppositions, in which none but general causes—causes common to the *whole class* of cases under consideration—are taken into the account."—*Westminster Review*, October, 1836.

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PRINCIPLES
OF
POLITICAL ECONOMY,
DEDUCED FROM THE NATURAL LAWS OF SOCIAL
WELFARE.

CHAPTER I.

Definition of the Science.—The Study of the Happiness of Societies so far as it depends on the Abundance and Distribution of their Wealth.—Its Principles capable only of Moral, not Mathematical Proof.

POLITICAL Economy teaches the art of managing the pecuniary resources of a society to the best advantage of its members. It embraces the moral and religious education, the political constitution, or the personal protection of a people no farther than these influence the production or distribution of *property*, i. e., of those things which are the result of labour and the objects of exchange; and which, when accumulated to any considerable extent, are ordinarily spoken of as *wealth*.

Hence it has been usually designated as the study of “the nature and causes of the wealth of nations.” This definition is, however, incomplete, inasmuch as it does not include *individual* as well as *national* wealth among the objects of the science; and inasmuch also as it seems to restrict inquiry to

the means of increasing the *gross amount* of *national wealth*, without regard to its *diffusion*, or to the influence of different modes of production and distribution on *happiness*. Again, it has been called the science of "the happiness of states;" but this would extend it over too wide a field. Its true subject of inquiry is, we think, the happiness of societies, so far as that happiness depends on the abundance and distribution of their wealth.*

The principles of Political Economy must obviously be deduced from maxims relative to the conduct and feelings of mankind which have been framed upon general and extensive observation. But neither the feelings nor the conduct of a being

* There is much difficulty in defining with precision the province of Political Economy. Its title would lead us to suppose that, in its practical bearings, it must be to a state what domestic economy is to a household. It is, however, much less comprehensive; including, of State Economy, only so much as relates to the production and distribution of property. By most writers, again, such production or distribution are considered as the *ultimate* objects of inquiry; while some hold with the author, that happiness or welfare being the great end of a wise public economy, only that production and distribution of wealth is to be considered which conduces to this end. The truth doubtless is, that the production which most conduces to welfare is that, also, which most conduces to wealth, and *vice versa*; so that at first sight it might seem sufficient, as well as more consistent with the rigorous forms of science, to limit our inquiries to mere *production* and *distribution*. Still, this indissoluble connexion between the highest welfare and wealth is so often overlooked; so many write of the latter as though it were the end of life, and there are, again, so many modes of acquiring property which are conducive to anything but welfare, or in their last results even to wealth, that I have preferred to retain the language of the author. The attempt to exclude from this science all *moral* considerations is not only pernicious, but futile, since we can establish hardly one principle for *distributing* wealth without inquiring what is *just*, or what most conducive to the general good.—*Ed.*

like man, endowed with freedom of volition, and infinitely-varying degrees of sensibility, can, with truth, be assumed as uniform and constant under the same circumstances. Hence the highest degree of certainty which can belong to the principles of Political Economy must fall far short of the accuracy that characterizes the laws of the physical sciences. This consideration should have prevented the attempts which have been made by many writers on Political Economy to attribute the force of mathematical demonstration to its conclusions. The fashion just now among this class of inquirers is to designate their favourite study as "Political Mathematics;" but it would obviously be just as reasonable to give the name of "Ethical Mathematics" to the sister science of morals; since the principles of both are to be ascertained only by studying the same variable course of human action, and with a reference to the same indefinite end, viz., the welfare of the species.

Still, though the nature of the subject precludes any approach to mathematical certainty; the general laws of human action and human happiness are to be ascertained with a correctness amply sufficient for the formation of general rules. Though the conduct of an individual cannot, with complete confidence, be predicted from a knowledge of the circumstances surrounding him, yet that of the generality of men—of the great masses of mankind—may be determined beforehand with the utmost probability; and the object of the political economist, like that of the moralist, being to act upon the masses, this knowledge is sufficient for his purpose.

CHAPTER II.

Definition of Wealth and of Labour.—All Labour productive.
—Labour rather a Pleasure than a Sacrifice: must, however, be free, and sufficiently remunerated.—Minimum of sufficient Remuneration.—Wealth no certain measure of Happiness.—Test proposed.

WEALTH, then, in its relation to happiness, is the subject of the investigations of Political Economy; and by wealth we profess to understand all the necessities, comforts, and luxuries of life which are habitually bought and sold, or *exchanged*. If a brief definition of wealth were desired, it might be declared to comprehend all “the purchaseable means of human enjoyment.”

There are many things which contribute to the enjoyment of man, such as air, water, the light and warmth of the sun, the beauties of nature, the blessings of health, and the exercise of the social affections, which yet are not considered (unless metaphorically) as wealth. They are valuable in the common sense of the term; but they possess no value in exchange. They are not capable of being made the subject of purchase and sale, or of being guaranteed by the law as property; the economist, therefore, has no concern with them. The range of his inquiries is limited to such objects of human desire as are capable of appropriation by the law, and of transfer by sale or exchange. The regulation of those elements of happiness, physical or mental, over whose supply

man exercises no control, he leaves to Providence ; while to the moralist, the divine, the physician, he leaves the study of those which fall within their respective spheres. His peculiar object is to ascertain the means of augmenting the happiness of mankind, in as far as that happiness may be affected by the abundance, or distribution, or *quality** of those things which, being matters of purchase, are capable of being measured or appreciated.†

* To the words "abundance or distribution" in the text I have added *or quality*, because, in estimating the effects of wealth on happiness, it is important to consider the *nature* of those things which are reckoned to have exchangeable value, as well as their abundance. Were a nation so depraved in taste that it attached more value, in consumption, to *opium* or *brandy* than to good books, good food, or good houses, it is evident that its wealth, however great, would conduce but little to happiness. The use of such articles, being prejudicial to health, industry, and virtue, would in the same proportion induce unhappiness, and would also *react upon production to diminish it*, i. e., to make the nation poorer. Hence, whether we consider the means of *simply producing and distributing* wealth, or the means of so doing it as to promote happiness, we should in neither case overlook the *quality* of the things which are recognised as having exchangeable value. According as a nation is led by its tastes and habits to attach value in exchange to one or another class of objects, in consumption, will be its productive energy and its aggregate happiness. It would seem, then, that, before undertaking to unfold the laws of production, we ought to distinguish between the various "purchaseable means of enjoyment," and show how important both to the productive power and welfare of a nation is a high standard of physical, intellectual, and moral taste.—*Ed.*

† Mr. Malthus and other economists have much puzzled themselves and their disciples by raising a needless debate about some particular things, of which it is disputed whether they are to be considered wealth, and, therefore, within the range of Political Economy or not. For example, the services of menials, and of artists and actors, &c., have caused much dispute. Mr. Malthus excludes them from the category of wealth on the ground that they are *immaterial*. Inasmuch as they are habitually bought and sold, I should consider them

One of two circumstances is necessary to confer exchangeable value on an object, in addition to its useful or desirable qualities, viz., that it require some labour to produce it, or that it exist in less quantity than is wanted—in technical terms, that its supply be short of the demand for it. Water, however useful, nay, necessary to man—however valuable in the ordinary meaning of the word—yet, wherever it is to be had in abundance without trouble, as by the side of a river, has no exchangeable value: it *costs* nothing, and will, therefore, sell for nothing. But at a distance from springs or rivers, as in a town, where water is not to be obtained without some trouble, it acquires a value in exchange, and that value will depend chiefly upon the trouble or labour it costs to procure it. An additional element in value is scarcity, or an insufficient supply to meet the demand. In the deserts of Africa, a skin of water may at times ac-

comprehended in the definition of wealth given above. I can see no essential distinction between the services of a nobleman's outrider and those of the horse he rides: between the value conferred upon a piece of canvass by an artist, and that conferred upon a piece of cotton by a calico-printer: they are equally reckoned as the signs of wealth by others; they are equally enjoyed as wealth by their possessor. But, in truth, the attempt to refine upon the subject with such minute accuracy of definition is much more likely to lead to confusion than clearness. [It is doubtful whether mere *ability*, or "services" of any kind should be regarded as wealth. As an all-important element of production, they must hold a prominent place in Political Economy, and, when they are possessed in abundance by a nation, they enable it to *become* rich, but of themselves do not make it so. In an inventory of its actual wealth, i. e., of riches in possession, they could not be enumerated. A nobleman's horse has exchangeable value, and, therefore, forms a part of his wealth. Not so the servant who rides him, unless in a slave country; yet, as an agent of production, the servant may be much more useful than the animal.—*Ed.*]

quire a value infinitely exceeding the cost of conveying it there from the nearest well. A rare jewel, or book, or object of art, often obtains a value bearing no relation to the labour by which it was procured or produced. But the primary element of value in most things is *cost of procurement*; and the cost of procurement consists almost wholly of the trouble or *labour* necessary for procuring the article.

What, for example, gives their value in market to the fruits of the earth? Not their adaptation to the appetite of man. The finest fruits, if they grew spontaneously in such abundance over all the inhabited earth that every one might satisfy his longings for them by the mere trouble of lifting his hand to them, would have no selling value. But, inasmuch as fruits grow only in particular situations, and require much trouble in planting, protecting, gathering, and bringing them to market, they acquire a proportionate value; since those who wish to obtain them must either take themselves all the trouble necessary for procuring them, or must give to those who do take it a fair equivalent.

All saleable property, or wealth, therefore, is the produce of trouble or *labour*. And, in order to avoid confusion, it is desirable to confine this term labour to such exertion as is productive of wealth. Men exert themselves for amusement, health, or recreation, and may fatigue themselves as much in so doing as a ploughman or a mason; but their exertion neither produces nor is intended to produce anything which can be exchanged or sold, and it will be desirable, therefore, not to call such

exertion labour. The limitation of the term labour to such occupations as are pursued for the sake of gain, and result in an increase of the common stock of wealth, may serve to put an end to the unprofitable discussion, so common in works on political economy, as to what kinds of labour are productive and what unproductive.*

Though it is a law of nature that labour in some shape is necessary for the support of man's existence, since even the necessities of life are in no quarter of the globe to be procured without it, yet those persons are surely in error who consider this condition as an evil, and labour as essentially a sacrifice or hardship. Eating and drinking are likewise necessary for the maintenance of life; but they are not on that account usually considered as sacrifices. As has just been remarked, we often see the amateur artist, gardener, farmer, or mechanic, fatigue himself as much for the mere pleasure afforded by the employment, as those who do the same things for their daily bread or for gain. So far from complete inaction being perfect enjoyment, there are few sufferings greater than that which the total absence of occupation generally induces. Count Caylus, the celebrated French antiquary, spent much time in engraving the plates

* The difficulties with which the ultra refining and mathematical school of political economists have to contend, are well exhibited in the disputes between them as to the limits of productiveness. Mr. Malthus denies that the labour of a cook, a coachman, an author, or an actor is productive, though asserting the productiveness of that of a butcher, a coachmaker, a printer, and a scene-painter. Mr. M'Culloch, running into the other extreme, insists that the occupations of billiard-playing, blowing soap-bubbles, nay, of eating, drinking, and sleeping, are productive! See on this subject Preliminary Chapter, p. 17.

which illustrate his valuable works. When his friends asked him why he worked so hard at such an almost mechanical occupation, he replied, "*Je grave pour ne pas me pendre.*"* When Napoleon was slowly withering away, from disease and ennui together, on the rock of St. Helena, it was told him that one of his old friends, an ex-colonel in his Italian army, was dead. "What disease killed him?" asked Napoleon. "That of having nothing to do," it was answered. "Enough," sighed Napoleon, "even had he been an emperor."

Even severe manual labour is not necessarily a sacrifice. There is an animal pleasure in toil. It is questionable whether the mental or bodily exertion to which the highest and wealthiest classes are driven as a resource against ennui, communicates, in general, so pleasurable an excitement as the muscular exertions of the common labourer when not overworked. Nature has beneficently provided, that if the greater proportion of her sons must earn their bread by the sweat of their brow, that bread is far sweeter for the previous effort than if it fell spontaneously into the hand of listless indolence. It is scarcely to be questioned, then, that labour is desirable for its own sake, as well as for the substantial results which it affords; and, consequently, that it by no means lessens, but rather adds to the general chance of happiness, that nearly all the members of society should, in some shape or other, be placed under an obligation to labour for their support.†

* I engrave, lest I should hang myself.

† In a popular farce, Deputy Figgins, a London shopkeeper, when persuaded by the solicitation of his wife to leave his shop

Nor is it much to be regretted that some modes of employment are less agreeable or more irksome than others. Besides a difference in the original tastes of men, leading some to prefer occupations which to others would be irksome, habit has a powerful effect. Hundreds of facts might be adduced to prove that persons engaged in employments which to those of different habits appear intolerably disagreeable, become, after some practice, not merely reconciled, but attached to them. There are few workmen, indeed, who, if asked, will not declare their preference for the branch of labour to which they have been brought up or long accustomed. They might have entered upon it, at first, from necessity; they continue in it from choice. Whether an individual ply his occupation by sea or land, in the open air, in the interior of crowded towns or manufactories, or in the bowels of the earth, these circumstances seem to affect, but in a slight degree, his happiness. And farther, whatever inconveniences do attend particular employments, are usually compensated by the proportionately increased remuneration which, under a system of *free labour*, is awarded to them; and that this compensation is complete in the estimation of the labourers themselves, is proved by there being as much *competition* for such employments as for any other.*

for a day and take an excursion to Richmond, exclaims, "Well, my dear, since we must give up the day to pleasure, let us make it as like business as possible." And the sentiment is so true to nature, that the hit always tells through the theatre.

* The *competition* here spoken of by the author is provoked, we apprehend, not so much by the supposed *sufficiency* of the compensation, as by the fact that other and more agreeable oc-

This brings us to the important consideration, that, in order not to interfere with happiness, *labour must be FREE*, that is to say, voluntarily exerted, and left at liberty to take whatever direction it shall please the labourer to give to it. Compulsion is itself a hardship, so that an occupation which might be undertaken and exercised with pleasure by any one of his free will, becomes a grievance and a burden if forced upon him.

But not only is forced labour less *pleasurable* than free, it is likewise incomparably less *productive*. All observation confirms what our instinctive sentiments will suggest, that, to encourage a man to put forth his powers to the utmost, he must be left free in his choice as to the nature and quantity of his work. It is scarcely necessary to refer, in proof of this, to the notorious idleness, apathy, and obstinacy of the slave. But it may be well to advert to the decisive fact, that by far the most productive labour of all is that of the *mind*, which is not susceptible of compulsion. A man may be forced to dig a field or spin a web, but he *cannot be forced to improve a plough or a loom*, much less to produce a masterpiece in poetry or art. Nor, even if compulsion could extort such results of mental labour from those who were capable of it, could a master know beforehand where lay the dormant capacity. No artificially prescribed contrivances can direct the ingenuity of individuals into those lines of thought or action for which they are by nature best qualified. Perfect liberty in the choice

occupations are taken up; and by the farther fact, that multitudes, from want of education, are fitted only for inferior pursuits, and, therefore, can compete for no other.—*Ed.*

of occupations is absolutely necessary to ensure the adoption of such as are most suitable to the peculiar qualifications of the individual, and likely, in consequence, to be most productive, as well as most agreeable. And thus the freedom of labour becomes doubly important, as necessary for increasing both the happiness of the labourer and the productiveness of his toil.

Neither must labour, to be pleasurable or productive, be *without an object*. It is the cheering anticipation of some gratifying result which sweetens the toils of labour, relieves its irksomeness, and appears to shorten its duration. Though in itself no evil, yet it is the prospect of its reward that gives it much of its zest; and, if this be scanty and inadequate, the toil endured for its sake is imbittered. If, on the other hand, it be sufficiently remunerated, labour cannot, under a system of freedom, be a source of suffering. The temptation of high wages may, it is true, induce some individuals to overwork themselves, and thus prematurely exhaust their strength and health. But these are rare exceptions. We deal only in generals; and, as a general rule, it cannot be doubted that, where a sufficient remuneration is to be obtained by *moderate* labour, it may be most safely left to the labourers themselves how far they will or will not exceed that point.

With respect to what constitutes a sufficient remuneration for labour, there may be some uncertainty. This, however, may be laid down as unquestionable, that it must *not be less* than will find the labourer and his family, if he have one, in a sufficiency of wholesome and agreeable food, warm

and decent clothing, and convenient lodging ; in short, in the means of comfortable subsistence, besides enabling him to improve his mind by reading, to educate his children, to indulge in an occasional holyday, and to lay by a provision against sickness, casualty, and old age.

If, as we think will hardly be denied, these views are correct, we arrive through them at something like a general principle as to the economical conditions essential to the general happiness ; namely, that the labour, which we must believe will always be necessary for the support and gratification of the great mass of mankind, be *voluntary* and *free in the choice of its direction* ; and that by moderate exertion it obtain as its recompense at least a sufficiency of the necessaries and principal comforts of life, both for the present consumption of the labourer and his family, and for a reserve against the future.

These conditions fulfilled, every farther increase of the comforts or luxuries which falls to be divided among the members of a community is an increase to their general means of happiness, proportionate, *ceteris paribus*, to the equality with which they are distributed. But these conditions *must be fulfilled* before an increase of the *general wealth* can be assumed to be an addition to the general happiness, and therefore a desirable object in the eyes of the political economist ; who, mindful of the true end of his science, looks to wealth only as a means of happiness, and declares against all such measures as, though tending to augment the mass of wealth, do not tend to *distribute* it in such a manner as to promote that end.

That every increase of wealth is not a proportionate increase of the aggregate means of enjoyment—nay, that some kinds of wealth may be much augmented at a great sacrifice of human happiness—is easily demonstrable. Suppose, for example, a race of absolute sovereigns, having a taste for jewels, were to employ several thousands of their subjects or slaves, generation after generation, in toiling to procure them: these treasures will be wealth of enormous *value*, but will add barely anything to the aggregate means of enjoyment. Suppose another race of sovereigns to have employed equal numbers of workmen during the same time in making roads, canals, docks, and harbours throughout their dominions, and in erecting hospitals and public buildings for education or charity; these acquisitions to the wealth of the country, having cost the same labour, may be of equal *exchangeable value* with the diamonds of the other sovereign; but are they to be reckoned only equally *useful*—equal accessions to the aggregate of human gratification? Suppose two tracts of ground of equal extent and fertility, one laid down as a race-course for the sole pleasure of a few wealthy individuals, the other divided into moderate-sized farms, each affording to the landlord a fair rent, to the occupant employment and maintenance, and to the community an enlarged supply of food. Such tracts may be equally valuable if sold in the market, but are they equal in their influence on the sum of human enjoyment? Even Slavery itself may be a means (though far from the most productive) of increasing the quantity of exchangeable wealth in the world; but will any one recommend

it as a means of augmenting the mass of human happiness? No! wealth may be purchased at too high a price, if that price be the degradation and suffering of those who produce it. Wealth is only to be measured by its exchangeable value. In this sense increase of wealth assuredly is no true measure of the increase of enjoyment; and the science of wealth, if the attention be confined to the means of increasing its aggregate amount, may just as frequently lead to what will injure as to what will benefit the human race. If the greatest happiness of the community is the true and only end of all institutions, it follows that a government which should take political economy of this kind as a guide to its legislation, without continually correcting its conclusions by reference to the principles on which the happiness, not the wealth, of man depends, must often sacrifice the real interests of the people it presides over for a glittering fiction.

It may be said that such inquiries would be difficult and complicated; that it is impossible to mete out happiness, or establish a graduated scale by which to ascertain the utility of legislative measures towards this end. But the same argument might evidently be urged with equal force against all moral science. The happiness of society is the only end of every moral as of every economic precept. If it be, as we readily admit, impossible to ascertain to a fraction the precise extent in which any given measure is likely to affect the happiness of a community, still this can be no reason for adopting so obviously false a standard as the increase of its aggregate *wealth* alone. There are other tests which there can be no good

reason for neglecting ; there are, in the pursuit of economic as of moral policy, some broad landmarks to which it would be folly to shut our eyes ; some palpable boundaries which it would be madness to cross ; some clear general rules which point the direction of our path, and reduce the chances of error within very trifling limits, if we do not madly refuse to walk by their light.

One of these criteria, and by far the most important, is the proposition, which we do not hesitate to lay down as a fundamental truth, that *the amount of human enjoyment principally depends on the number of human beings enabled, without excessive toil, to obtain a comfortable subsistence, with satisfactory security for its continuance.*

That the happiness of individuals does not necessarily increase with their wealth, is attested by the combined authority of all the philosophers and moralists of past ages. The most cursory observation of mankind proves that there is often as much enjoyment of life beneath a straw roof as a painted ceiling, under a smock frock as a silken robe. Nay, there are who very plausibly urge that

“Quei che felici son non han camicia—”*

* *Casti, la Camicia dell' Uomo Felice* ; one of the few of his Novelle that can be read with a relish for the philosophy, undisturbed by disgust at the profligacy, of this clever satirist. A sick sovereign is recommended, as an infallible specific for his disorder, the application of “the shirt of a happy man.” His emissaries in vain ransack all countries in search of such a being. At last they discover an individual who acknowledges himself to be happy, in the shape of a wild mountain shepherd. But, alas ! he has no shirt ! on which the tale ends with the above exclamation, “Those only are happy who have no shirts to wear.” So D'Alembert used to say, “Qui est ce qui est heureux ? Quelque misérable !”

the cares of life increase with the increase of property.

Without heaping together commonplaces on the subject, it will be disputed by few, that, beyond a certain point, the amount of enjoyment shared by the different classes of society is pretty equal. "Life," says a shrewd writer, herself of the most elevated class, "affords disagreeable things in plenty to the highest ranks, and comforts to the lowest; so that, on the whole, things are more equally divided among the sons of Adam than they are generally supposed to be."* "Whoever enjoys health," says Jean Jacques, "and is in no want of necessities, is rich enough; 'tis the *aurea mediocritas* of Horace."

The means, then, of 'comfortable' subsistence, compose the competence which admits of perhaps as keen and complete enjoyment of life as any fortune can bestow. That this comfortable subsistence is to be procured only by labour, so that it be voluntary, free in its direction, and not excessive, is, as I have attempted to show, no detracting from the enjoyment it affords, but rather, if anything, an addition to them.

If, however, we come to the conclusion that an individual who has within his easy reach the means of comfortable subsistence, enjoys as fair a chance of happiness as those who occupy stations in the common opinion of the world more enviable, it is very clear that *less than* this will not afford the same chance. Though the enjoyments of wealth may be, on the whole, counterbalanced by the cares that accompany it, the evils of poverty are real and uncom-

* Letters of Lady M. W. Montague.

pensated. An individual who wants the means of subsistence—nay, of comfortable subsistence, together with satisfactory security for its continuance, is in a state of suffering ! Coarse diet may please the hungry appetite of the peasant as much, or more, than do costly viands the palate of the rich gourmand, and a frieze coat may be as pleasant wear as superfine ; but scanty, unvaried, and ill-flavoured food, or deficient clothing and fuel, or intellectual and moral degradation, each, if it does not entirely prevent, must greatly detract from the enjoyment of life.

The conclusion then is, that every individual who has assured to him the means of comfortable subsistence without excessive toil, has a tolerably equal chance for happiness with those who possess a larger share of wealth ; but that any falling off from this condition will proportionably lessen the individual chance of enjoyment. Consequently, the means of enjoyment possessed by any society must be judged of principally by the number of those who possess the means of comfortable and rational subsistence on these terms, compared with that of those who fail in obtaining them. And we thus acquire a *primary* measure of national happiness, independent of the aggregate amount of wealth in its possession, which cannot but be of service in the study of the domestic economy of communities.

The inference we deduce from this position is, that the first economical object with every people ought to be the securing to each individual the means of comfortable subsistence in return for his labour, and the certainty of its continuance ; and that, until this is effected, no general augmentation of the

national wealth ; no signs of increased luxury among the higher or middle classes ; no swelling of the import or export lists, or other supposed tests of national prosperity, can be depended on. The increase of wealth may add to the means of gratification of the few who have already more than they can possibly enjoy, but it may be accompanied by a falling off in the means of the many, who even now have less than the *minimum* necessary to save them from positive suffering.

How this great object is to be accomplished ; what are the steps which should be taken to promote so desirable a state of things, can only be discovered by a study of the natural laws which determine the production and distribution of wealth, and particularly of those things which compose the necessaries and primary comforts of life. To this study we now proceed.

CHAPTER III.

Conditions of the Production of Wealth.—The Institution of private Property.—Labour.—Land.—Capital.

It appears that man has everywhere and always, from the first traces we possess of his history, laboured in the production of wealth on that simple principle of appropriation, that whatever an individual creates or redeems from a state of nature by his labour, is *his*, and *ought to be* at his disposal,

In some rare instances, however, this principle of private property has been exchanged for that of a community of goods between all the members of a society. But the experiment may be pronounced to have never succeeded in practice. Indeed, it will appear upon reflection to be irreconcilable with the most obvious principles of human nature. One of the strongest of these is the desire of individual appropriation. Sympathy is no doubt a very powerful sentiment ; but it is provided by Nature with a view, as we may well believe, to the preservation of the species, that the instinct of self-appropriation should for the most part prevail over it. In the common phrase, *one's self* stands as *number one*. In the extremity of want or danger, this instinct betrays itself most conspicuously. Next to a man's own self, in his estimation, usually stand his children, his parents, and the wife of his bosom. These are almost a part of himself ; and their gratification is nearly as strong a motive for exertion as his own. But the sentiment becomes diluted by an attempt to expand it over a wide circle. And it is certain that, as a general rule, man will not labour for others than his immediate family, or for the increase of any common fund to be shared in alike by the members of a large community, with anything like the zest and willingness, the assiduity and perseverance with which he will toil for himself.

Even within the limits of a family circle, the same rule holds good among those who have attained to an age rendering them capable of labour. History presents us with many examples, and some are yet to be found existing, of patriarchal families in which all the members, comprehending sev-

eral generations, labour for one common fund. But, though these communities frequently offer engaging pictures of domestic happiness, they have been rarely, if ever, observed to make much advance in the arts of production or in the accumulation of wealth; but are found to stagnate in a condition barely removed above want, until something occurs by which they are broken up, and the strong stimulus of individual gratification is substituted for the less cogent one of the general benefit.

An additional objection to a community of property is, that it necessarily puts an end to all individual liberty of *choice* as to the direction or amount of labour. Each labourer must have his specific task allotted to him by some superior power established for the purpose, which task he must be *compelled* to execute under pain of some forfeiture or privation. But we have already shown, that to encourage the utmost productiveness of labour, as well as to render it pleasurable, the labourer must be left *free* to choose both the nature and the quantity of his work.

It is the neglect of these principles which is even now betraying many misguided persons into signal and mischievous absurdities. Such is the case with the followers of Owen in this country and Great Britain, and of St. Simon in France, with other similar sects which are spreading through Germany and the United States. Struck by the remarkable fact that the vast advance made of late years by civilized nations in the art of production and in wealth has not added proportionately to the share of enjoyment that falls to the great body

of the people, whose labour is the primary instrument of all production, they have hastily jumped to the conclusion that, in order to ensure the more equal distribution of the products of industry, *all* that is wanting is a new arrangement of society on the basis of a community of property. Now nothing can look more pleasing upon paper, or sound more enchantingly in a lecture upon social happiness, than a proposal to put an end to all the struggles of individual competition, and the painful contrast of contiguous wealth and poverty; to substitute love, friendship, and common enjoyment for hatred, jealousy, and exclusive self-gratification. But is it possible to realize this beatific vision? There is not the slightest ground for supposing so. Its authors forget that the industry, of which, in the present advanced state of society, they witness the fruits, has been awakened, and has hitherto grown and thriven, *only* under the shelter of the institution of private property and the stimulus of competition; and that neither history nor observation warrants the assumption that this industry could be maintained except on these conditions. The establishment of a community of property would most probably, by damping industry and discouraging production, shortly leave no property whatever to divide. The desire of individual acquisition has hitherto been the main motive to every exertion. Take it away, by sharing the result of a man's labours equally, or in certain proportions, fixed by others, among his neighbours, so that he himself shall not be specially benefited by its increase, and who will guaranty the continuance of his exertions with the same vigour and energy which he now evinces, if

he even continue them at all? Experience has proved the constitution of the human mind to be such, that freedom in the direction of labour, and security for the personal enjoyment or disposal of its products, are the conditions on which alone industry will be effectually put forth and production advanced. The proposal of a community of goods as a remedy for their unequal distribution, is like an attempt to cure a horse of stumbling by cutting off his legs.

That the products of industry are at present too unequally distributed in many countries of Europe is most true; but surely some remedy may be devised short of the complete annihilation of the principle itself of production. That such means are attainable indeed, and this by the simplest exertion of forethought and pre-arrangement, I trust to be able to show.

All wealth is the product of labour, but not of labour alone. Labour can *create* nothing. All that it does is to alter the disposition of things already existing in what is usually called a *state of nature*. To produce anything, the labourer must operate upon some natural substance, and call in the ever-active powers of nature to his aid. The agriculturist, for example, does not create corn; he only applies the seed after a certain method which his knowledge, obtained through experience or precept, teaches him to be best adapted for promoting its growth; and the powers of the soil and the atmosphere, the moisture of the heavens, and the genial warmth of the sun bring about the *production* of his crop. These powers, therefore, of earth, air, water, and heat (which the ancients, in

their ignorance of chymistry, considered, and in their equally ignorant though pardonable gratitude, worshipped as *primary elements*), or, to speak more correctly, the natural affinities of the material substances occurring on the surface of the earth must co-operate with the labourer, or his toil is utterly unproductive.

Nor is this generally enough. There are few things which an individual, though availing himself of all the powers of nature within his reach, can produce *by himself*, or by a single effort of labour. He must *call in the aid of others*; he must likewise exert himself *at repeated intervals*; and he must avail himself of the results of his *previous labour*, or that of others, generally of both. Take the simplest case—the labour by which a man may sometimes satisfy his hunger by gathering berries from a bush. Even here nature must have first produced and ripened the fruit to his hand. Wild fruits, however, are but scantily supplied by nature. If, then, to supply his wants, a man desire animal food, he must provide himself with some product of previous labour (his own or of others), a club, a bow, a trap, or a gun; and he must acquire, moreover, by previous labour, both of mind and body, a knowledge of the haunts and habits of the animals he wishes to take, or he has but a small chance of breaking his fast upon them. If wild fruits and animals become equally scarce, and he is led by Necessity, the fertile mother of Invention, to sow or plant the herbs and trees which produce the former, and to domesticate the latter for the supply of his wants, still more observation, forethought, contrivance, and preparation are ne-

cessary on his part. He must acquire a *knowledge* of the habits and characters of these plants, and animals; of the best methods of cultivating, improving, and storing them; he must provide the proper seed and plants; tools with which to dig up the soil, clean it, and gather his crops; fences to keep off wild animals, and confine his tame ones, with a store of fodder for their sustenance. All these preparations are the result of previous labour, accumulated for the purpose of aiding him in the production of food. Similar provisions will be required to supply him with clothing, shelter, and other desirable objects.

The results of labour so *accumulated*, or provided beforehand *for productive purposes*, are called by the general term *Capital*.

It is thus made clear, that labour can produce nothing, or scarce anything, without the aid both of capital and natural substances. These, then, are the primary elements of human production: Labour, Capital, and certain natural powers, which, as inherent in the earth or attached to its surface, may be classed under the somewhat vague title of *Land*.* And if, as would seem proper, we comprehend under the term *labour* all the *ability* or productive capacity of man, natural or acquired; under that of *capital* all the substantial results of labour, *stored up and employed in farthering production*; and under that of *land* all the natural

* "The word 'land' includes not only the face of the earth, but everything under it or over it. Therefore, if a man grants all his lands, he grants thereby all his mines of metal and other fossils, his woods, his waters, and his houses, as well as his fields and meadows."—*Blackstone's Commentaries*, ii., c. ii., p. 18.

qualities of those substances met with on the face of the earth, which can be appropriated and rendered available for productive purposes, we shall embrace under these several heads everything that in any shape co-operates in the production of wealth. These elements of production we now proceed to consider separately, in the order in which they have been mentioned, namely, LABOUR, LAND, and CAPITAL.

CHAPTER IV.

Labour.—Exchanges of its Produce.—Right to Free Exchange.
 —Division of Labour.—Its Advantages.—Co-operation and mutual Dependence of all Labourers.—Barter.—Money.—Its use.—Coin.—Credit.—General use of.

THE first essential towards production is labour. To play its part efficiently in this great business, the labour of individuals must be *combined*, or, in other words, the labour required for producing certain results must be distributed among several individuals, and those individuals thus be enabled to co-operate.*

* The principle here referred to is usually called the *division of labour*. The phrase is objectionable, since the fundamental idea is that of *concert* and *co-operation*, not of *division*. The term *division* applies only to the process; this being subdivided into several operations, and these operations being distributed or parcelled out among a number of operatives. It is thus a *combination of labourers* effected through a *subdivision of processes*. The language of the author has been somewhat altered in conformity with this distinction.—*Ed.*

If a man were to attempt to raise from the earth's surface all the food required by himself and his family, and all the materials for their clothing, furniture, and shelter, and likewise to prepare them for use, it is clear that whatever he could obtain in this way would only be of the poorest and scantiest description; not, under the most favourable circumstances, equal to that which Robinson Crusoe is described as having provided for himself in his inland solitude; for Crusoe had obtained a knowledge of many of the arts of civilized life by education in a society where exchanges of labour had long been practised. Had all men persisted in labouring on a system of isolation, each for himself only, all must have remained in a state of barbarism. None of the useful arts could have existed. The metals would have slept untouched in the rock; the timber would have rotted unhewn in the forest; the soil would never have been turned up by the plough or spade. A few raw fruits stripped from the wild bushes, and the precarious produce of the chase for food; clothing of skins, and the rude shelter of the cave or branch-hut, would have made up the sum total of human possessions. Under this system, the numbers of mankind must have been kept within very narrow limits by disease and by a continual dearth of subsistence. Countries which now contain millions of civilized men, enjoying, for the most part, an abundance of comforts, could scarcely have supported as many hundreds of half-starved savages.

But, happily, such a state of things does not long continue. Man is formed to live in society; and, as we have seen, necessity suggests to every soci-

ety the general recognition of the right of each individual to freedom in the direction of his industry, and a private property in its produce. Now, wherever these two fundamental principles of society are acknowledged, *exchanges* of the produce of labour immediately must commence among individuals. One, for instance, has gathered more fruits than he can consume, and another has a larger stock of skins fit for clothing than he can make use of. The first is in want of clothing, the latter of fruit, and each finds his advantage in exchanging the excess of the article he possesses for that of the other. The exchange being wholly voluntary on both sides, the advantage is mutual, and by both parties is considered equal. So long as exchanges are free and voluntary, so long it is evident that the benefit to the exchanging parties is mutual and equal, otherwise each would not agree to it.

The *right to freedom of exchange* is included in the right to a free disposal of the produce of labour, and rests on the same ground of expediency; since it is evident that, in whatever degree the labourer is at any time prevented from exchanging the produce of his industry with others, for whatever he can obtain for it most desirable to himself, to that extent are his exertions discouraged, their productiveness diminished, and their reward lessened.

The adoption of this system of exchanging the products of labour makes it exceedingly convenient and advantageous for each labourer to confine himself to the production of one, or, at most, only a few commodities, and to exchange all that he

produces beyond his own consumption with others, who in their turn do the same. Each is thus enabled to avail himself of any peculiar natural advantages he may possess, whether of personal powers or of position, for the production of a particular commodity ; and likewise to acquire, by the force of habit and undivided attention, a higher degree of *skill*. By help of these *natural* and *acquired* advantages, he is enabled to produce far more, and, consequently, to obtain by exchange a greater quantity of the things he desires to consume, than he could by any possible efforts directly produce of himself.

It is by this *division of labour* among a variety of classes of labourers, each of which takes a different branch of industry, that the gross amount of production is vastly augmented. Under the sanction of just and well-administered laws, enforcing the fulfilment of contracts for the exchange of labour or of goods, and giving security to private property, this division is carried in some countries to an extraordinary extent ; and its effect in augmenting the wealth and comforts of all classes is almost incalculable. It forms, indeed, the true, as well as only practicable *community of goods*.

Dr. Smith was the first writer who called attention to the extraordinary increase in the productive powers of industry caused by the division of employments, and his mode of treating and illustrating the subject has been but little improved upon by any succeeding writer. He classes the advantages gained as,

First, increased skill and manual dexterity in workmen. A nailmaker, for example, by confining

himself exclusively to the manufacture of that article, will make two or three thousand nails in a day ; where an ordinary smith, who only turned his hand occasionally to this process, could make but as many hundreds. A man who wanted such a common thing as a few pins, might, if he attempted to fabricate them for himself, spend a day in making a dozen of very bad ones ; whereas, by giving their attention exclusively to this branch of industry, and *subdividing* its various processes among themselves, ten men will, in a pin manufactory, make in one day as many as 50,000 well-finished pins, and their cost to the consumer is proportionately reduced. The rapidity with which the operations of some manufactures are performed, exceeds what the human hand could, by those who had never seen them, be supposed capable of acquiring.

Secondly, the saving of time. An individual who carries on many different employments in places often necessarily far apart, must waste much time in moving from one to the other, which will be saved by attaching himself exclusively to one occupation. This is Adam Smith's argument ; but he might have thrown a far stronger light on the economy of time that results from a well-regulated division of labour, if he had noticed the power it frequently gives to one individual to do the work of numbers, quite as effectually as they could do it themselves. An excellent illustration of this benefit is given by Dr. Whately* in the establishment of a postoffice and letter-carriers, without which every letter would require a special messenger to

* Lectures on Political Economy, Oxford, 1831.

convey it to its destination. A postman who carries a thousand letters from the office, and delivers them in remote parts of the city in the course of a few hours, may be said to do the work which, without such a contrivance, would engage a thousand persons for nearly the same time. The carriage of goods of all kinds by persons who specially addict themselves to that calling, whether by sea or land, is, of all branches into which employment is divided, one of the most generally useful ; because it operates to a vast extent in economizing the time and labour of individuals. At what rate would production of any kind advance, if every labourer were obliged to proceed in person to fetch every article he required from the spot where it was raised, and to carry everything he produces to the place where it is to be consumed ?

It is evident that, by these and many other contrivances, there is not only effected a vast economy of *time*, but of *power* likewise, through the division of labour. Without it a man would be often employed in doing what a child could equally well perform ; and a workman of consummate skill or natural capacity for some particular branch of industry, would be forced to let his great powers of production remain dormant for the greater part of his time, while he was providing for his varied necessities in a number of occupations which might be as well pursued by those who are capable of nothing else.

Thirdly, the invention of tools, machines, and processes for shortening labour and facilitating production. It is evident that a man who is frequently shifting from one occupation to another for the

supply of his various wants, will not be near so likely to invent ingenious methods for shortening or saving his labour, as one whose attention is devoted exclusively to a particular branch of industry. In fact, by far the greater number of improvements in tools and machinery have been produced by the efforts of workmen and artificers to economize their time and trouble, and to increase the productiveness of their peculiar employments.

Perhaps in no trade has the division of labour been successfully carried to so great an extent as in that of watchmaking. In an examination before a committee of the House of Commons, it was stated that there are a hundred and two distinct branches of this art, to each of which a boy may be apprenticed.

An equal gain results from the division of the labour of the head as from that of the hands. "As society advances, the study of particular branches of science and philosophy becomes the principal or sole occupation of the most ingenious men. Chymistry becomes a distinct science from natural philosophy; the physical astronomer separates himself from the astronomical observer; the political economist from the politician; and each, meditating exclusively or principally on his peculiar department of science, attains to a degree of proficiency and expertness in it which the general scholar seldom or never reaches. And hence, in labouring to promote our own ends, we all necessarily adopt that precise course which is most advantageous to all. Like the different parts of a well-constructed engine, the inhabitants of a civilized country are all mutually dependant on, and

connected with each other. Without any previous concert, and obeying only the powerful and steady impulse of self-interest, they universally conspire to the same great end;* and contribute, each in his respective sphere, to furnish the greatest supply of necessities, luxuries, conveniences, and enjoyments.”†

The system of the division of labour might, as we have said, be called with more propriety the combination of labour, since its effect is the co-operation of many labourers to produce a common result. In fact, wherever this system has made any considerable progress, the society assumes emphatically a *co-operative* character. Every member is dependant on the aid of others in everything that he does and for everything he enjoys. The ploughman cannot turn a furrow without the help of the wheelwright and smith; these can do nothing without that of the timber and iron merchant, the miner and the smelter. These,

* This is the fundamental principle of the modern school of Political Economists. It represents individual self-interest as the only and all-sufficient guide of men in promoting as well the general good as their own. It is spoken of by the author in a subsequent passage as an “unerring instinct.” He forgets that the law is often obliged to interpose in order to restrain and direct this *unerring* instinct; and that, governed by it, individuals sometimes engage and persist in undertakings not the most conducive to their own interest, much less to that of the public. The exaggerated notion which is entertained of the *sagacity* and *exclusive supremacy* of this principle of human nature, forms a great and prevailing fallacy in the writings of the author and of most other Political Economists. It recurs so frequently in the course of this volume, that the editor has not been able in all cases to exclude it. He therefore takes this opportunity of entering his protest against it, and of giving the reader a general caution in regard to it.—*Ed.*

† M'Culloch, Political Economy, p. 95.

again, must be assisted by the ropemaker, the powder manufacturer, the engineer, the carrier, and several others; while all depend upon the baker, the mealman, the butcher, the farmer, the grazier, &c., for their supplies of food; and on the tailor, the cotton and cloth weavers, the flax and wool grower, the importer, &c., for their clothing. All society is, in fact, one closely-woven web of mutual dependance, in which every individual fibre gains in strength and utility from its entwinement with the rest. But, while all the members of society co-operate for a common purpose, the increase of the general welfare, each individual is still strictly occupied in pursuing what he considers his own private and exclusive interest in whatever way he likes best.

And here is to be seen the vast superiority of the principle of freedom over that of compulsion: of the system of co-operation which springs naturally and spontaneously from the mutual wants of men, over that artificial, forced, and premeditated system of co-operation, which of late has been put forward as the true rule of social arrangement by the erratic and visionary philanthropist, Mr. Owen, and some of his followers. Had the wisest of mortals, at any former period in the history of this country, been intrusted with full powers to frame and organize a co-operative system, assigning to each individual in the state the task he was to perform for the common welfare, and distributing to each the share considered to belong to him of the common produce, can it be supposed for a moment that he would have been able to devise arrangements capable of securing anything like the effi-

ciency and perfection with which the principles of free labour, private property, and free exchange perform at present the supply of all the varied and complicated wants of a vast population?

If we confine our attention to the mode in which the inhabitants of a great metropolis are provided with the necessities of life, we may see the benefits of this system of co-operation wonderfully exemplified. If the management of this important business were intrusted to a few individuals, a neglect, a mistake, an indiscretion on their part might occasionally bring upon this mighty centre of wealth and industry all the horrors of famine, and compromise the existence of hundreds of thousands of people. What is it, then, that performs this important function? that supplies this great population with its daily food, so quietly and so effectually; without bustle, without even organization; without excess, as without waste; the supply so equally adjusted to the demand, that the prices of butchers' meat and bread do not, perhaps, suffer a variation of a farthing throughout the year, which is not to be accounted for by natural causes affecting the original sources of supply? What is it that performs this daily miracle, which only does not excite our continual admiration because it is self-effected with all the order, ease, and certainty of a great natural process? Why, the principle of competition; the free and open rivalry of thousands of individuals, each acting according to his own discretion in his own self-appointed sphere; each actuated by the unerring instinct* of

* It is the same *unerring* instinct that leads others to keep ga-

self-interest, which prompts him to produce as much as he can sell with profit, but no more; to keep the supply full, but to prevent excess. An abundant supply causes each producer to lower his prices, thus enabling the public to enjoy that abundance, while, on the other hand, an actual or apprehended scarcity causes him to demand a higher price, or to keep back his goods in expectation of a rise. "For doing this the dealers of provisions are often exposed to odium, as if they were the cause of the scarcity; while, in reality (unless operating in secret concert, and aided, perhaps, by the vast capital of banks, when they richly merit all the execration they receive),* they only perform the important service of husbanding the supply in proportion to its deficiency, and thus warding off the calamity of famine. The dealers usually deserve neither censure for the scarcity they are ignorantly supposed to produce, nor credit for the important public service they in reality perform. They are merely occupied in gaining a fair livelihood. And, in the pursuit of this object, without any comprehensive wisdom, or any need of it, they co-operate, unknowingly, in conducting a system which, we may safely say, no human wisdom directed to that end could have conducted so well, the system by which this enormous population is fed from day to day."†

The advantages of the division and combination

ming-tables or brothels. Is there not occasion, then, for a higher principle to regulate production?—*Ed.*

* It is proper to state, that the words included in brackets have been inserted by the editor.—*Ed.*

† Whately's Lectures, p. 108.

of labour will still farther appear when we come to treat of the several classes into which society divides itself as civilization advances.

The direct exchange of goods of any kind for goods is called *barter* ; and, as it is the most simple mode of exchange, so we find it still the only one in use among some uncivilized nations. But its excessive inconvenience must suggest, even to a very low degree of intelligence, the advantage of improving upon it. Suppose a savage, for example, to have taken and killed a bullock or other large animal, which he would find a difficulty in consuming alone. He is desirous of exchanging the surplus for a variety of other objects which he is in want of. His neighbours, on their side, are anxious to purchase his meat, but it is highly improbable that each should have by him, and be able to spare for the purpose, one of the precise objects of which he is in pursuit. To obviate this difficulty, which must be continually recurring, one or other of two very simple methods would suggest themselves : the one, that he who had the meat or other object to dispose of should give *credit* to him who wanted it, on his engagement to repay him either the same or such other object as may be agreed upon, when able to do so, or at some definite time ; the other, that individuals should generally keep by them a stock of some one article in general request, a portion of which would be readily taken by every seller in exchange for his commodity. The first of these methods of facilitating exchanges is that of *credit*, the second of *money*. Both were probably coeval in their origin. Both have continued in use with more or less of improvement

among all nations, civilized as well as uncivilized, to the present day.

Of the commodities that have been, and, in some instances, still are in use as *money* by different nations, we may instance oxen, shells, salt, leather, and iron, &c. But in nearly all countries men seem to have been, at an early period, determined, by irresistible reasons, to employ in preference for this purpose the more valuable metals, copper, silver, and gold. These reasons are, their possessing qualities fitting them for this peculiar office in a far superior degree to any other commodity of intrinsic worth. *They may be kept almost any time without loss ; they are of such rarity, and so much esteemed (that is, of such great intrinsic value), that small portions of them, easy to be carried about (more especially of the two precious metals), will exchange for comparatively large quantities of most other goods ; and they may be divided without loss into any number of parts, and reunited again, through their fusibility, with the same ease.* The only difficulty was that of ascertaining their precise quantity and quality. For this purpose it would be necessary both to weigh and assay them. But as the process of weighing and assaying each piece of metal every time it was taken in exchange would have been an endless one, wholly destructive of all the convenience to be derived from its use as money, it seems to have been very soon discovered that the government of every country, in order to prevent imposition as to the weight or quality of these pieces, should affix a certain *stamp* on them indicative of their quantity and fineness ; at the same time prohibiting by law the issue, or *mintage*, as it

is called, of money by private individuals, and punishing the imposition upon the public of *false* money, when detected, by the heaviest penalties. So stamped, money is called *coin*; and on the faith of this government stamp, and the laws by which its imitation is prohibited, coined money passes current by tale, without the troublesome process of weighing or assaying. It is in this form that the precious metals, gold and silver, have become the universal *measure of the value* of other commodities, and the principal instrument or *medium for their exchange*.

But we have already mentioned the existence and general use of another medium for conducting exchanges besides money of *intrinsic* value; namely, CREDIT, or the confidence placed by one individual in the *engagement* of another to pay him at a certain time a certain quantity of goods or money. This mode of conducting exchanges has one great and evident advantage over the use of money, namely, that it saves individuals the necessity of keeping by them a stock of an expensive commodity, for no other purposes than that which their credit, if unquestionable, would answer equally well. On the other hand, the drawback to the use of credit, as a medium of exchange, is its *insecurity*. Every one may know, in the circle of his neighbours and acquaintances, individuals whom, from their character for rectitude and honesty, he would trust to any extent "with untold gold;" but, unfortunately, our moral nature is by no means so perfect as to admit of such confidence being universal, or anything like it; nor, again, is dishonesty the only cause of the failure of engagements. In

order, therefore, to prevent, as far as possible, frauds upon the over-credulous or other loss, it has been found necessary, in all countries, for the government to enforce by laws the fulfilment of engagements: a necessity parallel to that which led, as has just been explained, to the laws for regulating the coinage of money. Supported by this guarantee, credit has performed its part as an instrument of exchange in all parts and countries where commerce has made any progress, and that to an extent seldom, perhaps, fully recognised by writers on these subjects. Because the precious metals, coined or uncoined, have been almost always and everywhere employed as the *measure of value*, they have been hastily concluded to have been likewise the principal, if not the only, *instrument of exchange*. But these two things are perfectly distinct, and a very little examination would suffice to convince us that the employment of credit in commerce, as a medium of exchange, has been very considerably underrated; that it has always carried on a much larger amount of business than money; and, indeed, that, without it, commerce could have made but very little progress, cramped and fettered as it would have been by the disadvantages incident to the use of metallic money, which is, in truth, only a somewhat superior kind of *barter*.

This inquiry, however, may be better reserved for a future occasion. I will only mention here three facts, illustrative of the vastly superior extent to which, in commercial countries, credit is necessarily employed as an instrument of exchange beyond *real* or *metallic* money. These are, first, that the entire commerce of Scotland, both foreign and

domestic, is carried on without the practical use of a single gold piece. Secondly, that, at the banker's clearing-house in London, exchange transactions are *daily* settled to the extent of five millions sterling—on some days of *thirteen* millions—without the intervention of any coin whatever, and by the employment of a floating balance of only about £200,000 in Bank of England notes, themselves merely representing the *credit* of that establishment. Thirdly, that there is at every moment in existence in England an aggregate mass of transferable credit in the shape of book debts, foreign and inland bills of exchange, mortgages, annuities, and other moneyed liabilities, including the great national debt itself, to an extent, as regards the whole empire, certainly of *several thousand millions* in value, the whole of which is strictly in continual employment as a medium of exchange; an instrument, that is, whereby one individual obtains possession, by consent, of the produce or property of another; while the amount of real or metallic currency circulating through the same countries does not, perhaps, exceed thirty millions, and might probably, *as in Scotland, be dispensed with altogether*, without affecting in the least the extent of this prodigious mass of transactions *on credit*.

CHAPTER V.

Wages.—Ample and continually increasing Wages secured to Labourers by the Principles of Free Labour and Free Exchange.—Inequality of Wages in different Employments and of different Individuals.—Ability, even of the lowest Class, increases, and its Reward ought to rise proportionately, with the Progress of Civilization.

HOWEVER directed, the chief motive to labour, freely exercised, must be the result accruing to the labourer. This is technically called his *wages*. And, since the more productive labour is rendered by machinery, by subdivision of employments, and facilitation of exchanges, the greater must be the aggregate quantity of the good things of life produced, it seems self-evident that the share falling to the lot of each individual labourer, as his recompense or wages, *ought* to be proportionately augmented. And such doubtless would be the case were the labourer, his employer, and other joint partners in the work of production left free to apportion among themselves their respective shares, untrammelled on the one hand by unwise laws, and on the other by unfair combinations; it being supposed, of course, that each party is honest and moderately intelligent. The great principles, in short, of *free labour*, and *free disposal of its produce*, would seem, in such case, amply sufficient to secure an equitable distribution of property among the several classes who contribute to its creation; and the benefits they thence derive

would so stimulate their exertions as to cause a continued increase, not merely in the wealth of the society, but also in the share of that wealth falling to the lot of any individual member. We believe that if, in some societies which have reached a highly artificial and complicated state, this, its natural and legitimate consequence, has not always followed every improvement in the means of production, it must necessarily be owing, and can in every case, by some little attention, be traced either to the want of proper education among the people, or to the interference of erroneous institutions—an interference adopted sometimes, doubtless, in ignorance of its mischievous effects to the community at large, but sometimes also with more or less of a fraudulent intention of diverting the produce of industry into other hands than those into which the just system of free labour and free exchange would distribute it.

But, under a system of free and equitable exchange, the recompense (wages) of every labourer will be by no means equal, nor even exactly proportioned to the severity or duration of his employment. It must be determined by the *value* of his produce in the market. And this will increase in proportion to the talent, skill, and application of the labourer, or any other circumstances which may render his labour more *productive* than that of another. A man whose natural powers of body or mind enable him to contribute more efficiently to the general work of production than another, may equitably expect, and will, under the system of free exchange, receive a larger share of the gross general produce. The same is true of one who, by

advantages of education or continued application, has acquired a superior degree of skill or knowledge in any of the arts of industry, and of one, too, whose reputation for integrity and vigilance in his employer's service secures him peculiar confidence. The increased reward thus obtained by increased productiveness is the motive and necessary stimulus to most of those efforts for rendering labour more productive, which have carried mankind forward from the savage to the civilized state, and must be depended upon for inciting him to yet farther advances. Every attempt to equalize the wages of different employments or individuals by compulsory arrangements has the certain effect of damping the ardour of industry, putting a stop to improvement, and thus checking the march of production.

The powers of an individual to produce, or co-operate in the production of wealth, may be called his *ability*. The lowest degree of ability consists of the rude, unskilled powers of the common workman. The great body of labourers in most countries are possessed of little more than this inferior ability. But the recompense (wages) of this lowest class of labourers varies, notwithstanding, very much in different countries. In a savage state of society, for example, mere human strength can do but little, for want of tools with which to work, and instructions how to employ them. By practice, and the exercise of his native ingenuity in contriving expedients and fabricating instruments, a clever savage may increase the productiveness, and, consequently, the reward of his labour far beyond that of his companions; but, even under the

most favourable circumstances, his exertions will not be near so productive as those of the most stupid clown in a civilized country, armed with the instruments which the accumulated ingenuity of ages has contrived, and applying them, however mechanically, after those methods which experience has proved to be most efficient. On this account, the inferior degrees of ability will obtain far higher wages in a highly advanced than in the earlier stages of society. The produce of the daily labour of an English ploughman, shepherd, or common mechanic, is at present probably three times as much as that of similar classes of labourers in the time of Elizabeth, and six times as much as at the period of the Conquest. If their wages, or the amount of the necessaries and conveniences of life which they obtain in return for their labour, have not increased quite in the same proportions, it must be in consequence of the faulty direction given to the distribution of the produce of labour by the causes to which we have already referred. In the same way, the productiveness of an English day-labourer is perhaps twice as great as that of a Frenchman, four times that of a Russian, and six or eight times that of a Hindoo. His wages ought, therefore, to be proportionate, and probably would be so under an equitable system of economical policy.

The reward of the industry of the higher classes of labourers will in the same manner rise with its productiveness. An artisan of superior natural abilities, who has had the advantage of the instructions of a master in some peculiar business, and has applied himself assiduously to acquire the

manual dexterity and the practical arts of his trade, has gained a degree of ability which, as contributing much more largely than that of an inferior workman to the marketable means of enjoyment, is enabled to command in the market a proportionately larger share of the general stock. The wages, or *market value*, of personal ability of any kind will depend partly on the degree of study or application, and partly on the amount of time required on the average to produce it. It is also influenced, in a great degree, by the *more or less exclusive* possession of ability of any description. It is the *rarity* of particular kinds of talent that confers the greater part of their value upon them. The average wages of fiddlers is, perhaps, taking into consideration the time spent in acquiring the art, little more than that of ploughmen; but when the combination of rare genius with equally rare assiduity creates a Paganini, he is able to command almost any price in return for his exertions. There occurs but one Lawrence in a century, and this it is which enables such an artist to put a value on his productions, perhaps a hundred times greater than an ordinary dauber is happy to get for the same quantity of paint, canvass, time, and trouble.

But the possessor of superior ability in any line of industry is not only enabled to put a higher value on the produce of his labour directly exerted, he has it likewise in his power, in many instances, to communicate that ability to others by instruction; and while he requires, of course, payment from them in exchange for such instruction, he puts it in their power to obtain, in turn, a pro-

portionately higher recompense for their own industry. The value of such instructions is sometimes heightened by the communication of secret processes, which give to their possessor a decided advantage over his competitors in the same line of art. In general, however, it consists in the communication of a variety of delicate and difficult manipulations, such as can only be learned by actual exhibition and repeated experiment under the eye and tuition of an experienced master.* The high premiums of apprenticeship taken by those who are engaged in the superior departments

* A remarkable instance in proof of the necessity of personal instruction in some of the useful arts, was related by Mr. Ostler, a manufacturer of glass beads and other toys, to the Committee of the House of Commons on artisans and machinery; and is quoted in Mr. Babbage's valuable work on the Economy of Manufactures. Mr. Ostler, it seems, had received, some years since, an order for upward of five hundred pounds' worth of *doll's eyes*. But, notwithstanding his having some of the most ingenious glass toymaker's in the kingdom in his service, he could not succeed in making the article, and was obliged to renounce the order. "About eight months ago," he continues, "I accidentally met with a poor fellow who had impoverished himself by drinking, and who was dying in a consumption, in a state of great want. I showed him ten sovereigns; and he said he would instruct me in the process. He was in such a state that he could not bear the effluvia of his own lamp; but, though I was very conversant with the manual part of the business, and it related to things I was daily in the habit of seeing, I felt I could do nothing from his description. (I mention this to show how difficult it is to convey by description the mode of working.) He took me into his garret, where the poor fellow had economized to such a degree, that he actually used the entrails and fat of poultry from Leadenhall market to save oil (the price of the article having been latterly so much reduced by competition at home). In an instant, before I had seen him make three, I felt competent to make a gross; and the difference between his mode and that of my own workmen was so trifling, that I felt the utmost astonishment."

of the useful and ornamental arts, arise chiefly from this source ; and the proportionately high wages that are earned by journeymen or masters in these several callings follow necessarily from the expensive course of instruction they have undergone, the assiduity with which they have endeavoured to perfect themselves in their art, and the more or less rare excellence to which, by these means, aided perhaps by superior natural abilities, they have attained in its practice.

In this way the skill or acquired ability of one man is handed down from father to son, or from master to pupil, through successive stages, accumulating, as it passes on, the added improvements of its various possessors. But, as every pupil or apprentice is enabled to instruct a considerable number of others, there is a constant tendency in every improved process or secret to spread through a wider circle. There are, moreover, many processes of art which can be communicated by written directions, without personal exhibition ; and these, sooner or later, transpire and become extensively known. This is the case especially wherever the blessing of a press, more especially of a *free* press, exists. Once committed to printing, a receipt or peculiar process travels in all directions, not only through the country where it was invented, but through many others likewise, and is handed down, with little or no chance of loss, to distant ages and generations. It is to the splendid invention of letters and printing, and to the freedom with which knowledge now circulates, that we owe the rapidity with which the process of mutual instruction in the productive arts is now daily increasing the

wealth of modern societies. Without their aid, example and precept might hand down some improvements in *human ability*; but they would be subject to frequent loss and destruction; and the intercourse of minds must, under such circumstances, be comparatively slow, torpid, and unfruitful.

These are the things that constitute "useful knowledge." The vast superiority in the productiveness of a Watt, an Arkwright, or a Wedgewood, over that of a clever savage, is almost entirely owing to the influence of accumulated ability of this nature stored up in *books*, and operating in the development of intellectual powers, which would otherwise have remained dormant and useless towards enriching the individual, or, as in the case of the three great men we have named, towards the lasting benefit of the whole human race. Such wonderful inventions, when thus proclaimed to the world, become public property, a gratuitous addition of vast amount to the *ability* of all present and future labourers in the peculiar arts to which they are applicable.

It may, it is true, be long before the Calmucs or Chinese avail themselves of the increased power such inventions put at their disposal; but, in the mean time, even these distant nations profit from them through the greater cheapness of the commodities with which they are supplied, by the growing ability of Europeans and Americans. And, in the mean time, the latter are improving even upon these inventions far more rapidly than other nations can adopt them; so that the superiority they have once obtained is continually increasing rather than diminishing.

We have hitherto spoken of wages (real wages) in the sense of the quantity of the necessaries and conveniences which the labourer can command in the market in exchange for his services. Such appears to be the most correct meaning of the expression. But, in common language, wages are generally understood as referring to the sum in money (money-wages) which the labourer obtains. These two meanings are, of course, very distinct. The money-wages of a labourer may rise, while the quantity of necessaries and comforts he can obtain in exchange for them, and upon which alone his condition in fact depends, is decreasing. This was notoriously the case in Britain in the early part of the present century, when, owing to a succession of bad harvests, the money-price of necessaries reached an exorbitant elevation ; and, though the money-wages of nearly every class of labourers rose likewise, their purchasing power was greatly lessened. It was the case, again, in our own country in the years 1836, 7, &c., when, owing to the sudden expansion of the currency and other causes, the prices of articles of prime necessity to the labourer rose so much more rapidly than his wages, that, though the latter did increase, his command over such articles was continually diminishing.

Enough has been said to show that, in a country which has already made great progress in the arts of production, and is still daily improving upon them, the remuneration for labour, even of the lowest kind, *ought* to be considerable, as compared with earlier periods, and ought, likewise, always to be on the increase ; never, unless locally and temporarily, to fall off in its amount.

If, therefore, in such a country, the wages of the mass of labourers are at any time not sufficient to command for them a competence of the necessities and comforts of life ; if wages are found, during periods of considerable duration, through extensive districts, and in a variety of occupations, to decrease in amount instead of advancing, we may rest assured that such a state of things *can* only be the result of something faulty in the institutions, or in the intellectual and moral condition of the people. And the study of the naturally just and equitable principles on which such institutions ought to have been modelled—and, when proved to be in fault, ought to be corrected—becomes one of the most important and interesting subjects of inquiry to which the attention of any reasonable friend to humanity can be addressed.

Before, however, we can prosecute our researches into the nature of such errors and the mode of correcting them, we must first examine the other elements which co-operate with labour in the great business of production ; and the owners of which have, of course, an equal right with the labourers to share in the joint produce.

These are, as we have seen, *Land and Capital*.

I 2



CHAPTER VI.

Land.—Its Appropriation essential to Production.—History and Causes of its Appropriation in different Ages and Countries.—In the East by the Sovereign.—In Europe by the Aristocracy.—In America by the People.—Influence of these different Systems on Production and National Welfare.—Natural Laws of Property in.

POLITICAL Economists, following the example of lawyers, comprehend under the term *land*, when speaking of it as a source of wealth, all the natural powers of the surface of the globe which can be made available for the use of man, including, together with its soils, mines, quarries, and waters, the animals and vegetables found thereon in a wild state.

These gifts of Nature, our common mother, are poured forth in all but infinite profusion for the common use of mankind. But, in order to avail himself of them for his various purposes, man must, as has been shown, appropriate them by his labour; and, having done so, he acquires an equitable title to their possession, founded on this labour. If fruit grew spontaneously, on herb or tree, in sufficient abundance to supply the wants of all, the labour of gathering were alone necessary to give an individual an equitable property in fruit. With the fish of the sea, and many of the fowls of the air, and some wild animals, this rule indeed holds good in law at the present day, even in countries where society has in many respects attained a most

artificial and complicated condition.* But of the fruits of the earth, and the animals most fitted for food, there is no such spontaneous abundance; and, in order to ensure the production of a sufficiency of these for the wants of man, it is necessary that much pains should be taken by some one; that the soil be enclosed with fences to prevent the ravages of wandering animals, broken up by tillage, planted and sown with the fitting vegetables, and the growing crops protected, as well as gathered. Now no one, it is plain, would take the trouble to enclose and cultivate a piece of ground, and plant or sow it several months, perhaps years, before the crop can be fit to gather, unless he were secured (so far, at least, as human confidence can be secured) in the exclusive privilege of gathering and appropriating the fruits of his labour when ready for use. And the same may be said of the land employed for breeding, rearing, and fattening domestic animals. For this simple reason, it becomes absolutely necessary, in order to admit of the production of artificial crops or stocks of cattle, to secure in the strongest possible manner a *property* in *land* to him who encloses and cultivates it, or in any way renders it productive. And this necessity has been perceived and acted on throughout all the known and cultivated regions of the globe, though in a great variety of ways;† some of which

* Our law maxims with regard to fish, game, and such things as are "*feræ naturæ*," assert that they are "*nullius in bonis*," or no man's goods; and that of them "*Capiat qui capere possit*," catch who catch can. A qualified property is still to be acquired in these and some other things "*per industriam*."—See *Blackstone*, ii., 391.

† The exclusive property in wells appears from Scripture to

afford more, some less, encouragement than others to production. That system is evidently to be preferred which affords the most.

It has, indeed, seldom been sufficiently remarked by those who have studied the nature and causes of national wealth, to what a pre-eminent degree the social and economical condition of a people is influenced by the laws and customs that prevail among them respecting the occupation and ownership of land. There is no exaggeration in the assertion that, by these circumstances *almost alone*, the position of any nation in the scale of civilization is practically determined. Nor will any one be inclined to doubt this when he adverts to the simple consideration that it is *from the land*, and *the land alone*, that nations derive as well the whole of the *food* on which they are supported, as the raw materials out of which, by their industry and ingenuity, they elaborate all the other necessities, comforts, and luxuries of life; so that it must chiefly depend upon the more or less easy and equitable terms on which the cultivation of the soil by those who possess the means, is permitted or encouraged, whether the production of every kind of wealth be restrained within the narrowest limits, or be developed to the utmost extent of which human industry is capable.

have been established in the first digger or occupant, even in places where the ground and herbage remained yet in common. See *Blackstone*, ii., c. i., p. 5, who also states, "It is agreed upon all hands that *occupancy* gave the original right to the permanent property in the substance of the earth, which excludes every one else but the owner from the use of it." Occupancy by use and improvement must be intended, though *Blackstone* does not clearly express this. It is not probable that any individual would have been allowed to appropriate more land than he could occupy in this sense.—*Id.*, p. 5.

The terms on which the cultivators of the soil are admitted to its occupation vary materially in different parts of the globe ; and a review of these different customs, and of the influence they severally exercise over the moral, economical, and political condition of the countries in which they prevail, would in itself be a work of great interest. The space we can afford to this branch of our subject is less than it deserves.

I. Wherever despotic power exists, whether the result of domestic treachery or foreign invasion, there property, as well in land as of all other kind—and even life itself—is, of course, held only at the will of the ruler. And, accordingly, we find, in countries which appear to have been subjected to this form of government, that the exclusive proprietorship of the land, as the primary source of all wealth, has been claimed by the sovereign.

In some parts of the world this claim has been practically exercised up to the present day, in others but nominally ; the right of occupying and using the soil having been transferred by grant of the sovereign to inferior holders, and his claim continued, perhaps, only in name. Throughout all Asia, from China to Turkey (excepting only the Russian provinces), the revenue of the ruler is still, and always has been, raised from the cultivators of the soil by a sort of land-tax, consisting of a proportion of the produce, which varies, as may naturally be imagined, with the tyranny or mildness of the reigning sovereign, and the greater or less powers of exaction with which the intermediate collectors are armed. The cultivator is by some persons

considered to be, throughout this large portion of the globe, the *legal owner* of his plot of land. And, indeed, he has some of the supposed characteristics of ownership, since he is empowered, in general, to mortgage, sell, or alienate it ; and it descends at his decease, if not otherwise disposed of, in equal portions to his heirs. There is, however, an almost infinite variety in the local customs which determine this tenure ; every petty province having some minute peculiarity. And it is even yet a matter of dispute among writers who have deeply studied the institutions of the Indian empire, which of the three parties who have everywhere a joint interest in the land, the peasant-cultivator (or *ryot*), the tax-collector (or *zemindar*), or the sovereign, is its real legitimate proprietor. In practice, each has a lien upon its produce, and to that extent each may be reckoned its owner. The tax-collector, like the *ryot*, has an hereditary and transferable interest in his post, which brings him a revenue in a per centage of the sum he collects from the ryots for the sovereign.

The question, however, as to who is the legal owner of the soil, seems to us susceptible of a very simple solution. Throughout the East, the *will* of the sovereign has always been law ; so that to hold land by that will was to hold it by law. It is only when law acquires a power above that of the sovereign that private property in its true sense can be said to exist. We must not ask, then, with regard to Asia, what is the law, but what is the custom and the fact ; and the answer is, that the necessity of affording to the peasant-cultivator some guarantee for his continued occupation of the soil he ploughs and sows, in order to induce him to

labour, has compelled Asiatic despots to allow him a partial and limited proprietorship; that is to say, they have permitted him and his descendants to occupy and cultivate his spot of ground on condition of paying whatever proportion of its produce the sovereign chooses directly, or through his officers, to exact. And he has seldom, or never, been content to take less than could be extorted by threat or violence. The cultivator is, then, in law, custom, and fact, the slave of his sovereign,* and his property is wholly at the command of the latter. If, therefore, as seems presumable, the *owner* of land can only be defined as one who has the right of profiting by whatever circumstances may improve the value of his land, the ryot has been always considered, *in theory*, the landowner, never *in practice*. He was continually promised this right by sovereigns or their collectors, who wished to tempt him to improve his land; but who, so soon as it was improved, raised their demands on him in proportion, so as to leave him none of the benefit.

The Asiatic system is evidently a compromise between the usurped and unlimited power of the despot, and the ancient and natural privilege of private property as the result of appropriation by labour; a compromise extorted from the chief by the necessity of persuading his people to exercise their industry, lest he should prove, like Sultan Mahmoud in the Arabian Nights, a ruler only over owls and ruins, barren plains and dead carcases.

* He is punishable with stripes if he neglect to cultivate duly his land—his pretended property. He is, therefore, not even master of his own limbs and actions, but essentially a *slave*.

There is nothing necessarily mischievous in the *theory* of the Eastern forms of land occupation. On the contrary, it approximates to that which we consider the most natural, equitable, and beneficial arrangement, namely, the securing a permanent property in the land to him who renders it productive, and to his heirs, subject only to a payment to the state proportioned to the value of the produce, for the purpose of defraying the expenses necessary for the protection of this and other property. The misery suffered by the land-cultivators in Asia and the wretched state of their agriculture are a consequence not of the original rule of the country, but of its continual infraction. It is their exposure to the desolating violence of almost perpetual warfare, the insatiate tyranny of despotic power, and the extortionate rapacity of its minions, that has dried up the naturally abundant sources of production throughout Asia, repressed industry, and prevented the acquisition of skill or capital. Had there existed in India any defined legal rights, any power beyond the mere caprice of an individual, by which the demands of the state upon the cultivators could have been so far restrained as to leave the latter the power of bettering their condition by their industry, the vast quantity of waste but exuberantly fertile land in that country, and the luxuriance of its climate, would have admitted of an increase of production which must have raised the prosperity of the natives and the resources of the government to an almost incalculable extent. The regulations which, with the most humane intentions, have been lately enforced for securing to the ryots the legal ownership of their

land, and permanently fixing the proportion of their contribution to the state, are likely, in no long time, to change the entire face of the country, and benefit all parties in an extraordinary degree.*

The remarks we have been led to make at some length on the systems of land occupation in the East, will enable us to understand the more easily the origin and real character of those which prevail in Europe and the United States.

II. In Europe the power of the sovereign never became absolute as in Asia. His principal vassals were always more or less independent of him. Each had his own clan or body of vassals, who looked up to him as their only head, and were ready to obey his orders at any time, whether to act for or against his suzerain. And a league of these chieftains could often overawe, and occasionally succeeded in dethroning their sovereign. Much of the history of Europe, in fact, is but the narrative of continued struggles between sovereigns and some of their vassal nobles, in which now one, now another party obtained the mastery. Under the immediate successors of Clovis, the Frank conqueror of Gaul, the royal authority was uppermost. But the nobles soon contrived to regain the power which their negligence alone had allowed the sovereign to usurp, and which that of the feeble kings of the line of Clovis enabled them easily to resume. The chief vassals of the crown

* Mr. Jones's work "On the Distribution of Wealth" contains in its Appendix some valuable information from Col. Tod's Rajast'han and other sources, upon the interesting topic of the land-tenure of our Indian possessions.

succeeded in obtaining a full recognition of their hereditary right to their patrimonial possessions, to which the royal investiture gave more of ornament than sanction. "From the death of Charlemagne the kingdom of France was a bundle of fiefs, and the king little more than one of a number of feudal nobles, differing rather in dignity than in power from the rest."*

The independence of the German aristocracy reached its height towards the middle of the thirteenth century. Since that period the sovereigns found it necessary to strengthen themselves against their nobles by calling in the aid of their *people*, and particularly of the commercial and manufacturing towns, which, with this view, they fostered by immunities, privileges, and protection from the extortions of the neighbouring counts and barons. From these elements sprung the political condition of the European states, which unquestionably owe the freedom they enjoy to the necessity which drove the sovereign to conciliate the mass of the people as a counterpoise to a powerful aristocracy.

The land, meantime, was cultivated almost wholly by hereditary slaves, who were bred and treated in all respects like cattle. Their numbers were also recruited by the prisoners taken in war, and to a certain extent, in the most turbulent times, by freemen, who were actually driven to enrol themselves among the slaves of powerful chieftains in order to preserve their lives; a petty freeman being a common prey to all parties, whereas the slaves of a chief were of course protected by him from all others. There were some distinctions

* Hallam, i., p. 244.

among slaves—not, however, of much importance. Some were certainly saleable like cattle, and might be severed from the land; others were, by custom, or perhaps in virtue of the original bargain under which they or their ancestors had submitted themselves as slaves to the chief, attached to the soil (*adscripti glebæ*), and could only be alienated with it. They derived their subsistence by cultivating for their own use small tracts of land allotted to them by the lord for this purpose (a cheap contrivance for making them maintain themselves), and for the remainder of their time they laboured on the *demesne* land, or portion reserved for the lord's own use, the produce of which formed his revenue. Even the kings of France and Lombardy supplied the expenses of their rude courts from their demesne lands. Charlemagne himself was a farmer, and regulated the economy of his farms with the minuteness of a steward.*

Nearly the whole of Europe was at one time cultivated in this manner by slaves, or, as they are generally called, *serfs*. But the labouring classes of the Western states have, by slow degrees, contrived to emancipate themselves from personal bondage, and to obtain the invaluable natural right of either working on their own account, or of disposing of their services to the highest bidder. Among several of the Northern and Eastern nations serfship still prevails;† in some, as Russia, for example, in its unmitigated form; the owner having almost unlimited power over the persons of his serfs;

* Hallam, chap. ii., part ii.

† In most of Russia, in Poland, Bohemia, Hungary, and parts of Austria.—*Ed.*

beating, mutilating, and even putting them to death at his will.

The disadvantages of a system of serfship or villeinage are obvious, and are attested by the low state of civilization, the poverty, and the imperfect cultivation of the countries in which it prevails. The labour compulsorily exacted from tenants on the grounds or on behoof of their landlords, is sure to be performed in a very slovenly manner. Men do not exert themselves with spirit or effect unless they are working on their own account, and are allowed to reap the advantages of their superior industry. It has been proved that one Middlesex mower will cut as much grass in a day as three Russian serfs. And the necessary absence under such a system of all improved implements or processes of husbandry, augments the comparative inefficiency of serf-labour. Indolence and carelessness are the habitual characteristics of a peasantry in this condition; their want of skill, means, and energy must have a disastrous influence on the annual produce of the land and labour of their territory, and must tend to keep the country they inhabit in a state of poverty and political feebleness, from which it will be impossible for it to emerge while so deleterious a system is suffered to prevail. These disadvantages are, in fact, very generally recognised by all the enlightened classes in serf countries, and they have given rise to the numerous attempts now going on to substitute payments of produce or money in lieu of labour as the *rent* of land. The great end in view is, of course, to encourage the industry of the cultivator, by placing him in a position to improve

his own circumstances, as well as those of his landlord, by increased skill and exertion. For the details of these efforts and their varied success, we must refer to the valuable work of Mr. Jones.*

III. The system of serf-cultivation, though formerly common through a very large extent of Europe, was not universal. In some countries, from a very early period, the landowners have accepted from the cultivators of their estates *a share of the produce* as rent. The existence of such a state of things indicates a more advanced condition of society than that which accompanies the serf system. The serf, in fact, is a mere slave, compelled to till his master's land, and cheaply maintained by the permission to cultivate for himself a patch of soil barely enough to provide him with subsistence. The *métayer* (as he is termed in Italy), on the contrary, is, in all respects, a voluntary tenant, who enters into a sort of joint-stock partnership with his landlord; the latter finding the land, and the seed, tools, and stock necessary for its cultivation; the former the equally necessary labour. The produce is divided between them, generally in equal shares, from which division the name (*métayer*, *medietarius*) is derived. This form of holding is to be traced very clearly to Greece, whence it was introduced among the Romans, and has perpetuated itself, in some degree, in most of the countries which were formerly provinces of that empire; though partly superseded by that of serfship and villeinage, which, as we have seen, grew up

* Jones on Rent, 1831.

under the feudal system. In Italy, Savoy, and Spain, métayer tenancy is common ; and in France, before the revolution, four sevenths of the whole surface was occupied *en métairie*. Even now, in spite of the multiplication of small proprietors consequent on the revolution, this class of tenants are supposed to cultivate one half of France, and the greater part of Italy and Spain.

Though the métayer has many apparent advantages over the serf, in his personal freedom, and in the power he enjoys of cultivating his farm as he pleases, freed from the tyranny and irksome superintendence of the proprietor, yet he is found, in practice, to be very little, if at all, more advantageously situated. It would seem, at first sight, that the reward of his toil, consisting in a definite share of the produce, would increase with his industry and skill, and therefore stimulate him to exertion. But the shortsighted covetousness of the proprietors has almost everywhere prevented this, by inducing them, when they could not by agreement directly increase their share, to do so indirectly, by throwing the government taxes on the tenant, and by claiming for themselves an exemption from all imposts. By this and other similar contrivances, the share of the métayer has been generally so reduced as to leave him but a bare subsistence, and no hope of bettering his condition by any exertion of industry. The métayers of France are described by Turgot before the revolution, and by other writers of the present day, as existing in the depth of misery, always in arrear to their landlord, and consequently entirely at his mercy, from their utter inability even to live upon

their half of the produce of their farms. This misery, of course, reacts injuriously upon their landlords' interests, by giving a careless, slovenly character to their mode of cultivation, and putting anything like energy or a spirit of improvement out of the question.

Again, the divided interest which exists in the produce is a bar to improvement. The tenant is unwilling to listen to the suggestions of his landlord; the landlord to intrust additional means to an ignorant, prejudiced, and careless tenant. When stock is to be advanced by one person and used by another, some waste and neglect in the receiving party, great jealousy and reluctance in the contributing party, naturally ensue. Hence the implements and stocks placed at the disposal of the *métayers* are, in general, very scanty, and of an indifferent quality; and their land, on the whole, is very imperfectly cultivated. These disadvantages must continue severely to affect the condition of countries in which this imperfect system of land-occupation prevails. Their agriculture must be exceedingly unproductive, as compared with the capacity of the soil and the amount of labour existing upon it; and since the produce of land forms, as we have seen, the substratum of all other wealth, the production of the aggregate stock of the means of enjoyment must be proportionately slow, languid, and contracted.

IV. Such, with very trifling variations, are the imperfect systems on which land has been occupied for the purpose of cultivation throughout the entire continent of Asia and nearly the whole of

Europe. In Great Britain, Holland, and the Netherlands, a different mode has been adopted, to which, in a great measure, is to be ascribed the extraordinary comparative progress which agriculture has made in this corner of Europe.

At a very early period, as has been already mentioned, the stipulated services of the villeins or manorial tenants in England began to be commuted for annual payments in *money*. About the same time, it became not uncommon for the lord to *lease out* for the duration of certain lives, or for a term of years, upon payment of a money *fine*, portions of the manorial waste to such persons as were desirous and able to reduce it to tillage. As these leases expired, the lands, whose value had increased through the cultivation bestowed on them, were relet for an augmented fine, or at an annual money-rent; frequently for both. And the lord in time found it much more convenient to lease out in this manner his demesne lands likewise, than to farm them himself through a bailiff. In this manner, the greater portion of the land of England came to be occupied by *tenants on lease*. Many small plots were still cultivated by their owners, the *liberi tenentes*, or freeholders, who had acquired them by purchase, or by descent from the freemen and military tenants of the feudal era. Other estates still remained in the hands of the descendants or purchasers from the ancient villeins, holding, as it was called, at the will of the lord by copy of court roll (the record of such grants). To the latter tenure, custom, and the indulgence of the lords of manors in never resuming the grant, in process of time, gave a prescriptive right, recognised by the

courts as a valid claim according to the common (or customary) law of the land. But even of these smaller properties, many, when they fell into the hands of minors or women, or were purchased by persons engaged in trade or otherwise, were in their turn leased out to tenants willing to pay their owners a money-rent for their occupation. So that, by degrees, nearly the whole surface of England, as well the small estates of the inferior class of land-owners as the extensive domains of the lords of manors, the nobles, the crown, or the church, came to be cultivated in portions of moderate extent, by tenants who undertook to *farm* these portions on leases for certain protracted periods, stipulating for payment to the owner of an annual rent.

Now it is immediately evident that such a system of occupation must afford much scope for the development of industry and economy. A cultivator, secured by a lease in the possession of all that he can raise off his farm over and above the rent he has stipulated to pay its owner, in many respects stands for the term of his occupation in the position of its owner. Though not induced to the same prospective calculations and investments as if he were proprietor, nor having the same motive to economy and self-dependance, his interest will still prompt him to steady and systematic effort. It is to the assiduous *industry* of these leasehold tenants, and the smaller occupying freeholders, that England is indebted for the great advances she has made in agricultural skill, and for the fertilization of almost every corner of her surface where the plough can enter. To their steady

economy she owes the accumulated mass of *agricultural capital* which renders the labour of British farmers so greatly more effective than that of continental cultivators.

The advantages inherent in the leasehold system of occupation would, however, have been ineffectual but for the protection which the law extended to the tenants from the rapacity of their landlords, and the countenance which the courts of Britain have, with very rare exceptions, at all times liberally afforded to the efforts of the industrious classes of society to emancipate themselves from the thralldom in which they had been bound by the feudal system. Perhaps it is to the spirit of independence and love of liberty uniformly inspired by *commercial* pursuits, that we are to attribute the success which at so early a period attended the efforts of the English, the Dutch, and some other maritime states, to free themselves from the shackles of feudalism. Serfship was almost wholly extinguished in England in the time of Elizabeth. While the cultivators of nearly all Europe were abject slaves, subjected to the whip, knot, or gallows of their feudal lords, the merry and stalwart yeomen of England had rights recognised by law, which they well knew, and, "knowing, dared maintain." They tilled the fields of proud and wealthy barons, not on such terms as a master imposes on his slave, but on those of free contract for mutual benefit, such as left the lord as much indebted to his tenant as the tenant to his lord. In gaining this high comparative condition, the cultivators of England were assisted by the sovereign, who felt the advantage of being backed by their honest and hearty loyalty in

his disputes with disloyal nobles; and also by the judges of the law-courts appointed by him, themselves sprung from the people, and naturally inclined to favour the liberty of the subject. Blackstone truly says that "the law of England has always been ready to catch at anything in favour of liberty."

One other remarkable circumstance contributed to favour the advance of the class of English farmers in wealth and independence, namely, the continued fall in the value of money during the three successive centuries which followed the discovery of America. The abundance of gold and silver flowing from the New World into the Old lowered their value, and with them that of money. The sovereigns, during the same period, frequently resorted to the trick of debasing the coin of the realm, in order to pay their old debts in money of less intrinsic worth. And the consequence was, that leasehold tenants, who had contracted at the beginning of a long term of occupation for payment of a fixed annual rent, proportioned in amount to the value of money at that time, profited greatly as its value was subsequently lessened, and the money-price of every product of their farms proportionately increased. The landowners were, of course, losers in the same proportion; but the nation at large benefited to an extraordinary degree. For, had this difference passed into the hands of the landlords, to whom in equity, perhaps, it was due, it would have been *spent* by them as revenue on more sumptuous clothing, furniture, and feasting, and on larger trains of menials; whereas, in the hands of their tenants it was economized,

and accumulated into *capital*, being expended by them in the more vigorous cultivation of their farms, in bringing fresh lands under culture, in the erection of farm buildings and in other permanent improvements, by which the general productiveness of the national soil was increased.

V. In the northern division of the New World we may see a system in practice very different from any of those we have been employed in contemplating; a system approaching, perhaps, as nearly as is desirable to the natural and equitable law of land-proprietorship. These vast territories, throughout which man, up to a very late period, was a comparative stranger, offered an almost boundless extent of surface for his occupation. The adventurers that migrated from the Old World to settle on these fair shores, bringing with them both a knowledge of the arts of civilized life, and the habits and maxims of regulated freedom, found on their arrival no powerful monopolists, claiming, on the plea of ancient grants or modern conquest, to exclude them from their just place at the bosom of mother earth; no arbitrary despot proclaiming himself, by right divine, lord of earth and all that is therein; they had

“The world before them where to choose,
And Providence their guide.”

Each took possession of as much land as he found it convenient to cultivate, and rejoiced to find others fixing their choice in his immediate vicinity, and sharing with him the well-known advantages of a division and exchange of labour. As the set-

tlements advanced, and it was found to be for the common interest that the occupation of fresh land should be regulated in a systematic manner, for the sake of more effectually securing proper communications and measures for internal security and external defence, the state was appointed proprietor of all the unoccupied lands, but only with the view of their being dealt out to all who might wish to settle, upon such terms and in so regulated a manner as would ultimately be most conducive to the benefit of the settlers themselves.

Here was a practical adoption, through an extensive tract of country, of those simple and natural principles which we have shown ought everywhere to regulate the appropriation of land, the common bounty of the Creator. We see its results in the extraordinarily rapid increase of wealth and population among the settlers wherever they enjoy internal tranquillity and the protection of wise and equal laws, as in the United States. In the provinces formerly colonized by Spain and Portugal, civil dissension, combined with the prevailing want of intelligence and moral culture, has unhappily marred the lot of their inhabitants; while in the British Provinces, the colonial policy of the mother country has produced, though in a much less degree, the same melancholy effect.

Political economists are in the habit of explaining the high wages and prosperous condition of the cultivators of the United States by the single circumstance of these newly-settled countries possessing vast tracts of uncultivated land, from which it is easy for any industrious man, by the labour of his own arm, to procure a comfortable subsistence

for himself and his family. But the fact is, that many of the most ancient states of the Old World, as well as all parts of the New, contain an almost equal abundance of untilled lands, of high natural fertility, and provided by nature with every requisite quality for the occupation and enjoyment of man, upon the sole condition that he exert the powers with which she has furnished him in the development of their productiveness. It is to the vices of the governments and institutions of these countries, not to the deficiency or exhaustion of its rich, and, through a vast extent, yet virgin soils, that we must attribute whatever is to be found of misery in the condition of their people. It is by the strong remaining taint of feudal slavery, the weight of despotic tyranny, the unnatural restraints imposed on industry by invidious legislation, and the ignorance, vice, and bigotry which a long course of systematic oppression has engendered in both people and rulers, that the development of their natural resources is impeded. There can be no stronger proof of this assertion than the comparatively unimproved condition in which the Spanish and Portuguese colonies have stagnated, though planted for centuries on new and highly fertile soils ; while the Northern states of America have made, in a third part of the time, such rapid progress as to present already to the delighted friend of humanity one of the most powerful, wealthy, prosperous, and civilized nations of the globe. The difference can be attributed to nothing but the different *political institutions* and *moral training* prevailing in those countries.

CHAPTER VIII.

CAPITAL.

The Result of previous Labour—Not affixed to Land—Nor incorporated with Human Ability—Nor reserved for private Consumption—But employed, or reserved for Employment, in Production, with a View to Profit from sale of its Produce.—Necessity of so restricting the Meaning of the Term.—Utility of Capital.—Profit on Capital.—Nature of Profit, and Natural Right to its Enjoyment.—Mistaken Views of those who declaim against the Profits of Capital.—Fixed and Circulating Capitals.—Elements of Profit.—Net Profit, or Interest of Money.—Inequality of Gross Profits.—Equality of Net Profit in the same Country.

LABOUR, as we have seen, without the assistance of the powers of nature as developed on the surface of the earth, can do nothing. But neither can labour do much, even with the possession of land, and the aid of all the powers of nature, in the absence of much previous preparation, the result of preceding labour; and especially of a stock of tools to work with, of materials to work upon, and of food, clothing, and other necessities for the maintenance of the labourer while at work. A few berries from the bush, water from the spring, and now and then a stray animal, taken by superior swiftness of foot, must compose the sole subsistence of the man who has within reach no prepared reserve, either of food, or of instruments for obtaining it. The poorest savage generally possesses some stores of this nature, the products of previous labour, nor always depends for his daily

meal upon the chance of obtaining it by his daily exertion. But, in an advanced state of society, few things can be produced and prepared for consumption except by processes which require much time—days, months, often years—during which the labourers employed must be supplied with food, clothing, and other necessities of subsistence. A variety of tools, instruments, and machinery are equally necessary, as well as a stock of materials ; all of which things have to be provided at an expense of much time and labour, before any of the ordinary operations of industry can commence. Stocks of all these things, it is evident, must be accumulated *somewhere* at hand, for the use of the various classes of labourers, or production of no kind could be carried on. The agricultural labourer could neither turn the soil, nor deposite a grain in it, if he were unprovided with the spade, plough, harrow, and other implements of husbandry. The smith and the carpenter must cease to work unless they can find somewhere a stock of iron and timber prepared to their hands, as well as the fuel, forge, and workshop, with the tools and instruments peculiar to their trades. And these, and all other classes of labourers, depend likewise for their daily sustenance and comforts on the due provision of food, clothes, furniture, and houses, either in their own possession or within their reach.

The results of previous labour, accumulated in any country, constitute, with land, its *stock* of wealth or of the materials for producing wealth. But of these results a very considerable portion is so far incorporated with, or affixed to the soil, as to be by law, custom, or necessity, inseparable from

it. Such are the permanent improvements which have been made upon the land at various times since its first occupation, with the view of augmenting its productiveness; such as fences, durable manures, roads, canals for irrigation or traffic, plantations of fruit or forest trees, and *buildings* of various kinds; all of which are ranked by law and custom, together with the land to which they are affixed, in the general class of "immoveables," or landed property; and the returns derived from them are merged in *rent*. Nor can Political Economy, when taking a general view of the sources of wealth, without inextricable confusion, depart in this generic nomenclature from the established usage.

Another portion of the accumulated results of labour resides in the acquired skill and knowledge of individuals, in the acquisition of which much time and trouble has been expended. The entire body of the useful arts and sciences forms a part, and the most valuable part, of the *stock* of society. It is the accumulated result of intense preceding labour on the part of the great benefactors of mankind, for ages back, preserved to us through successive generations, and with continual improvements, by tradition or writing. These treasures of knowledge, however, before they can be *productively* applied, must be appropriated by individuals with additional labour on their part, and so far mixed up with their natural qualifications as to become *personal* to them. This kind of stock, therefore, enters into the category of *ability* or human powers of production, under which head we

have already considered it. Its returns properly fall under the appellation of *wages*.

The *third* and remaining portion of the aggregate stock of a community consists of the *material* products of previous labour, that are separable from the soil as well as from individuals; and it is therefore properly designated as "*moveables*," or moveable stock.

Moveable stock is itself to be distinguished into two great divisions, according as it is kept or used for the purpose of producing wealth, or simply for individual gratification without any ulterior object.

The *first division* comprehends the various tools, machinery, materials, necessities of subsistence, or other things provided for sale, or for the consumption and use of labourers while employed in the production of saleable commodities; and is properly designated, as we have already explained, by the term *capital*. The remaining portion of moveable stock, which is not kept for sale, or consumed with the view of facilitating farther production, but only for that which is, in truth, the real end and object of all production—the gratification of its owner—is indifferently called revenue, wealth, property, goods and chattels, &c.; but must not be confounded with capital.

Though it may be difficult in all cases to determine of every particular object, whether it is productively engaged, and, therefore, to be reckoned capital or not, yet this need no more prevent our distinguishing the whole moveable stock of a country under two great heads, according as it is employed with a view to the reproduction of more wealth, or only with a view to immediate gratifica-

tion, than we need be interdicted from classifying natural objects into minerals, vegetables, and animals, because there are some few intermediate species which can be with difficulty referred to either class. No useful conclusions can possibly be come to upon what is going forward in society, if we do not distinguish between those masses of wealth which are habitually consumed in a productive manner—in such a way, that is, as to produce an equal or greater quantity of wealth—from those which are consumed unproductively, or so as to leave no equivalent behind. When an individual consumes a certain quantity of his stock with no other aim or result than the gratification of himself or his friends, the mass of wealth is *pro tanto* diminished; and, though gratification is the ultimate end of all production, yet, since a portion of the means of gratification is destroyed, and no similar portion produced, such consumption is evidently unproductive.* What is consumed in this way is usually said to be expended as *revenue*. When an individual, on the other hand, purposely

* In whatever degree the desire of such gratification stimulates the labourer to increased efforts that he may have the means of procuring it, in the same degree does it conduce to production, and hence such consumption ought not to be regarded as wholly *unproductive*, unless it tends to disable the labourer from future efforts. For instance, the desire of using sugar as a luxury may incite the labourer to more strenuous and to better-directed efforts, and may thus render him a better producer. Such, generally, is the tendency of innocent gratifications, more especially those of an intellectual and moral character. On the other hand, such a taste as that for spirituous liquors, though it may prompt to occasional efforts in order to get means of indulgence, has a direct tendency to lessen in the labourer both the ability and the disposition for steady employment.—*Ed.*

expends stock in such a way as that its consumption is the means of producing an equal or greater quantity—as, for example, the consumption of seed and husbandry implements by a farmer—no portion of the aggregate of wealth is destroyed; but, on the contrary, there is, in almost every case, *an increase*, which forms what is usually called *profit*, and is the motive for such expenditure. We should therefore define capital as *that portion of moveable stock which is employed, or reserved for employment, in production.**

* The term capital is employed, we think, by Smith and most other economists in far too extended a sense, and requires to be more strictly limited than it usually is by writers on the subject, if we desire to preserve any distinction between this and the other main elements of production, land and labour. We cannot acknowledge acquired skill, for instance, to be properly called capital, unless by metaphor. Otherwise, what is pure labour? The mere brute force of man is rarely, if ever, exerted without some little skill to aid its application, a skill acquired by practice or precept. There is no occupation so mechanical, not even that of carrying a load, or breaking stones on the highway, in which some skill may not be acquired, so as to enable one man to do more work than another who is less skilled. It is true that much capital is often expended by labourers in the acquisition of skill and knowledge, which eventually bring in to their owners an increased return; but when capital has been thus incorporated with man himself in the increase of his productive powers, we must consider it more accordant with usage, and less likely to create confusion, that it should thenceforward go by the name of *ability*, not capital; and its returns be called wages, not profit.

Again, when capital has been expended upon the permanent improvement of land, as in clearing, fencing, draining, and fertilizing it, in roads, canals, bridges, and buildings, we can no longer think it properly designated as capital. It is incorporated with land, so as to be inseparable from it, except by an extremely slow process; and its returns are practically merged in rent. This portion of rent undoubtedly *represents* the profit of the capital which has been spent on the land, just as the increased wages of an artificer represent the profit of the capital

No labourer, we have said, can work at anything but with the aid of capital, either produced by him-

expended in teaching him his trade; and we need not forget this, though it may be more convenient and more accordant with usage, instead of calling them both profits, to call one rent, the other wages. If labour, land, and capital are to be distinguished by any intelligible line of separation, we think it can only be by including, under the first term, all the productively engaged powers of man, natural or acquired; under the second, those of the soil and the things permanently affixed to it; under the third, those of the *moveable* substances man has stored up with a view to production. In Political Economy much labour has been expended in vain, and great confusion introduced, where all is really plain enough, by *over refining*, and by ill-judged endeavours to give a mathematical accuracy to definitions and propositions which, from the nature of their subject, can pretend to no more than the grouping of phenomena according to their most striking general characters. If, as the definitions and language of some economists would contend, everything *on which capital has been expended with a view to a return* is still to be called capital, there is an end to all distinction between the three primary elements of wealth. *All labour*, then, is capital, and *all land*. The labourer must be reared on capital for years before he can do any work; he must be fed daily on capital, or his ability vanishes; land must be cleared and cultivated by capital, or it will produce nothing. Both labour and land are, therefore, by this rule essentially capital, and wages and rents are in fact profits! And so, indeed, says Mr. M'Culloch, with all gravity (*Principles of Political Economy*, p. 118), quite regardless of the circumstance that every one of his works, even that in which he comes to so startling a conclusion, is entirely made up of a series of disquisitions *on the reciprocal influence of land, labour, and capital, rent, wages, and profit*. We need hardly observe that things which are identical can have no reciprocal action on each other. The same spirit of ultra refinement has driven him into the equally monstrous inconsistency of defining *labour* to be "any sort of action or operation, whether performed by man, the lower animals, machinery, or natural agents, that tends to bring about a desirable result" (*Edition of Wealth of Nations*); thus making labour include *both capital and land*. Again, his definition of capital, as "all that *can be made to aid in production*," includes in it land, labour revenue, and profit itself: while his astounding declaration that bubble-blowing and turtle-eating are *productive* occupations, necessarily follows from these premises. If such defi-

self or procured from others. But production could advance only with the utmost slowness if every labourer were to endeavour to fabricate for himself the tools he works with, and to raise from the soil the materials he employs and the food he consumes. At a very early period in the progress of improvement, it must have been discovered by experience to facilitate greatly the object of all labour, production, for some classes of labourers to occupy themselves exclusively in making tools and machinery of different sorts for the use of the remainder; others in the cultivation and preparation of the different kinds of raw material required for the several processes of industry; and others, again, in the growth and provision of the food, clothing, and various articles which are necessary for the subsistence of the whole.

The stock of these things which an individual has produced, not for his own use, but with a view to their employment or consumption by others, are of course as much *his property* as if he had intended them for his own use, and he has the right to dispose of them to those who want them on the most advantageous terms he can make. He can either *sell* them outright; or, if it be more convenient both to him and to those who wish to employ the things, *lend* them, on condition of receiving a stipulated remuneration for their loan, in addition to the repayment of the things themselves, or their equivalent. Or, as a third alternative, he may retain some portion of his capital in his possession, such as machinery and implements, and with an-

nitions are adopted, Political Economy becomes at once a jumble of meaningless phrases.

other portion, consisting, perhaps, of the necessities of subsistence, or their equivalent, *purchase* the labour of such individuals as are willing to work for him, employing his capital.

If the entire capital a labourer works with belong to himself, whether by right of purchase or production, the whole produce of his labour will likewise properly belong to him. But if he works with the capital of another, it is evident that a part of the produce which results from the joint employment of his labour and the other's capital belongs of right to the owner of the capital. Thus if A supplies B with either food, or tools, or materials, upon which to work at making any article, it is clear that a proportionate part of the article or of its value rightfully belongs to A. What this part should be—what, in short, should be the several shares of the labourer and the capitalist in any case, must depend on the relative value of the capital supplied by the one and the labour furnished by the other; and this can only be equitably settled by previous agreement between the parties, voluntarily entered into by both for their mutual advantage.

The share of the labourer is the remuneration of his labour, and forms his *wages*. The share of the capitalist goes, for the most part, to replace that portion of his capital which has been consumed, damaged, or worn out in its employment. But there must remain to the latter some surplus beyond this; for it would be worth no man's while to employ his capital productively, if he can *gain* nothing by so doing. The surplus which accrues to the capitalist after his capital has been replaced, is his only remuneration for its employment, and is

called its *profit*. Profit is the inducement of the capitalist to employ his capital in production, just as wages form the inducement of the labourer to exert his skill and strength in the same manner. The former has obviously as much right to be paid for the use of his capital, as the latter for the use of his labour. Both have combined to produce a joint result, which could not have existed in the absence of either. Without the capital, the labour would have been nearly unproductive ; without the labour, the capital must have remained dormant and unincreased, even if secure from waste. The right to possess and freely dispose of capital, and to receive whatever return or profit is to be obtained by accommodating other parties with its loan, or by employing the hired labour of others in rendering it productive, stands evidently on precisely the same ground as the right to possess or dispose of any other thing, equally the produce of labour. The expediency of protecting the free use and employment of property as capital, that is to say, *productively*, and the free enjoyment of its returns, is evident from the simple consideration that, in the absence of such protection, no one would produce such things as are necessary for aiding production ; at all events, no more of them than he wanted for his own use. Every labourer must then make his own tools, and raise from the earth his raw materials and his food. There would be an end at once to all that vast increase of the general stock of the means of enjoyment which results from the division of labourers into the various classes of tool-makers, growers and preparers of raw material and of food, house-builders, furniture-makers,

manufacturers of clothing, ornaments, &c. Society would be resolved into its first elements. Each man must betake himself to the cave or hollow tree for shelter, his nails for tools, berries and game his sole food, skins his only clothing; and famine and want must rapidly cut down the numbers of mankind to the meager hordes that could alone support themselves on such terms.

The profit obtained by the owner of capital from its productive employment, whether in his own hands or those of another party, to whom it is lent, is to be viewed in the light of a compensation to him for *abstaining for a time from the consumption* of that portion of his property on his personal gratification; and the compensation is, therefore, proportioned to the *time* during which his capital is so engaged, instead of being spent upon himself as revenue. It has been said time is a mere word—a sound; can do nothing, is nothing; and can therefore neither have nor give value.* This is a very great and extraordinary mistake. What gives value in exchange to labour? Only that no one will, under a free system, give his labour for nothing, and, consequently, those who require the labour of others must pay for it. But the same cause gives value to time. No one will sacrifice time by allowing it to operate on his property—will sow his wheat, for instance, and allow it to remain a twelvemonth in the ground, or leave his wine in a cellar for years, instead of consuming these things, or their equivalents, at once—unless he expects them to acquire additional value in proportion to

* M'Culloch, Political Economy, p. 314; Mill's Elements of Political Economy, p. 9.

the *time* during which they are so kept unconsumed. That they do thus acquire additional value, owing to certain natural laws—the sown wheat multiplying itself in its crop, the kept wine improving in flavour—is notorious. And if this additional value were not to be allowed to their owner in the price he obtains on parting with them, it is evident there would be no inducement to him to employ his property in this productive manner. Wheat would not be sown for a future crop—wine would not be placed in cellars to improve. Were it not for the certain prospect of the profit to be obtained at a distant time by the productive employment of capital, and that the profit, too, will be proportioned to the time which elapses before the production is completed, no one would employ any portion of his wealth productively, except for the relief of his own immediate wants; no one would accumulate wealth in a productive shape, except for his own consumption. Capital, in its true sense, would almost cease to exist. If, under these circumstances, *property* were accumulated, as no doubt it still would be, through the influence of the strong natural passion for accumulation which exists in most minds, it would be hoarded in the form of substances that could be kept by their owners without injury, but without utility: gold, jewels, plate, pictures, furniture,

“Rich stuffs and ornaments of household.”

And, in fact, in barbarous ages, when there existed a prejudice against the *taking of interest on property lent*, these were the forms exclusively assumed by accumulated wealth. The owner of such treasures might perhaps occasionally gloat over them

with a miserly satisfaction, but still with less gratification than if they had been increasing through their *productive* employment, while to none but himself could they be of any service whatever. And thus they remained locked up in chests and closets, without contributing in any degree to the benefit of any person, until, perhaps, the strong temptation they offered to the cupidity of the robber or the tyrant caused the destruction of their possessor and the dispersion of his treasure into other hands, there to lie equally useless, or to be wasted in riot and debauchery.

But, when freedom is afforded to the employment of capital, and security to the enjoyment of its returns—when no impediment is offered by mistaken legislation, grasping tyranny, or vulgar prejudice, to the voluntary and mutually beneficial agreement of two parties, one of which is desirous of productively using for a season what the other has painfully produced or carefully saved—in such case, every one who is able to save is anxious to give his savings a productive form, by lending them out in the shape of tools, buildings, materials, machinery, &c., to labourers, on condition of receiving *for their use a share of the increase of wealth they assist the latter in producing*. In this way the miser of former days is converted into the employer of labour, and the promoter of every useful and valuable branch of industry. And thus those selfish feelings of our nature, which prompt to the increase and accumulation of wealth—not as a means merely, but an end—are enlisted in behalf of the general happiness. The miser of the present day may yet, like his prototype in the dark ages, gloat

over his wealth; but he now keeps it by him in the form, not of gold ingots, jewels, and costly stuffs, but of bills, bonds, and securities; the *representatives* of that substantial wealth which, instead of rotting in close coffers, is employed in the hands of ceaseless industry, levelling the forest, and cultivating the plain, quarrying the mine, giving motion to the loom, and ploughing the ocean, taking a thousand shapes, perhaps, but in each aiding man to avail himself of the prolific powers of nature, and multiply his means of subsistence and enjoyment. True it is, this capital would produce no increase without the skill and labour of those who employ it; but it is equally true that their skill and labour would produce nothing—nay, that they could not even maintain their existence, without the capital which they employ, and that by which they are maintained while at work. The wealth which is produced by the union of capital with skill and labour, is evidently, as we have already said, the joint property of the owners of the capital and of the skilled labour. Each has contributed to its production, and each has a right to a share of it. If the capitalist were to be unjustly denied his share, accumulated property would thenceforth never take the form of capital, except that small portion which each man could employ by himself and for his own immediate purposes.

All this seems so obvious to the most ordinary capacity as hardly to be worth dwelling upon. And yet there are persons who still—in the present light of civilization, in the nineteenth century, and in the midst of all the evidence which is afforded, wherever we turn our eyes, of the prodi-

gious part which capital is playing in the production of the necessities, comforts, and luxuries of human life—declaim against capital as the poison of society, and the taking of interest on capital by its owners as an abuse, an injustice, a robbery of the class of labourers!* Such blindness is to me truly unaccountable. That those who observe the prevalence of great misery among the inferior classes of workmen in some wealthy countries—who witness and deplore the fact, that, in spite of all the manifold improvements which are continually adding to the productiveness of labour, the share of the gross production which falls to the common labourer does not increase, perhaps even diminishes—that, on viewing this anomaly, they should conclude *something* to be wrong, is no source of astonishment to me, for I arrive at the same necessary conclusion from the same observation. But that any sane person should attribute the evil to *the existence of capital*—that is, to the employment of wealth in aiding the production of farther wealth, instead of being unproductively consumed, almost, if not quite, as fast as it is created, or unproductively hoarded to satisfy the lust of the miser—is indeed wonderful. Why, without capital, the Island of Great Britain would not afford subsistence to a hundredth part of its present population. Destroy the *security* for the free enjoyment or disposal of capital, deny its owner the privilege of accepting what any one may find it for his advantage to give for its use, and every individual will soon be

* See Hodgskin's Popular Political Economy, "Labour defended against the Claims of Capital," and other works of the same author.

reduced to his unaided resources. He will find nowhere any store of food on which to live while he is digging, and sowing, and protecting his immature crop ; no stock of tools with which to work, or of clothes and other necessities of existence. All trades would stop at once, for every trade is carried on by means of capital. Men would at once be reduced to the isolation and helplessness of barbarism.

But perhaps it is in the imagination of these schemers that there should not be a general destruction, but only *a general division*, of the capital now existing among the present race of labourers ; so that each, it is thought, would for some time, at least, be provided with a stock of food, clothes, and tools, with which to continue the business of production. We suppose something like this is contemplated. But, putting out of sight the injustice, confusion, and attendant horrors of the frightful scramble which is here disguised under the smooth name of a general division of property (a scramble which, in the extremely complicated and artificial state of society characterizing a country like ours, must be attended with infinitely more violence, convulsion, and disturbance than any political catastrophe on record), how, we must beg to ask, is production to go on afterward ? In a very short time, a large part of the population—*all the idle*—and in such a crisis there can be but little industry—will have consumed their share of the plunder in riot and excess. Admitting that others have gone to work industriously in the production of the things they require, each for himself ; have ploughed and sown, and spun and wove ; have

stored corn in their granaries, and cattle in their homesteads, and fuel, and clothing, and comforts of various kinds in their lofts, and cellars, and warehouses, what is to become of all that large body who, having squandered away their share of the general booty, will have left no means of maintenance? It is clear that one of two things must occur. Either they will, if sufficiently numerous and strong, call for *another division of property*, that is, *once more* plunder the barns, granaries, homesteads, and warehouses of the industrious; or, if they are not strong enough to attempt this, they will humble themselves to the owners of these same barns and warehouses, and petition for food and clothing in return for all they have to offer, *their labour*; that is to say, they will apply to them for *employment and wages*. If the owners of property refuse their petition, starvation and disease must rapidly carry them off; not, however, before they have robbed, and plundered, and done all the injury to the remainder of society which their despair and destitution will prompt. If their request is acceded to, the old system of masters and men, *capitalists and labourers*, will recommence; and the society—at least whatever portion of it we can suppose to have survived the shock of such a convulsion—will be reconstituted on its old and natural principles, to recommence the difficult march of improvement, and with the feeble hope of regaining, after the lapse of years, perhaps of ages, the elevated position we are at present so fortunate as to occupy, as yet unscathed; to reproduce slowly and painfully the vast stock of accumulated capital which it once possessed, but which, in a fit of pop-

ular insanity, had been broken down and scattered to the winds.

The security of property, and the liberty of consuming or employing it in whatever way the owner pleases or finds most for his interest, is, as has been truly observed, the first of the *rights of industry*, and the essential condition of its progressive activity. But of all modes of employing property, the very last which it would occur to an enlightened friend of humanity to obstruct, is its employment *in aiding production*—that is, as *capital*. It is quite clear that the profit or interest to be gained by the employment of capital is the principal motive to its accumulation, and the *only* one to its employment in furthering production. It is quite clear that, if the owner of capital is not allowed to make what profit he can upon it by lending it to others, no one will accumulate more capital than he can use himself; and nearly all savings would thenceforward be hoarded in cellars and closets, instead of aiding industry and facilitating production.

Adam Smith and other economists distinguish two kinds of capital, fixed and circulating. The latter is defined to consist of such things as are continually going from and returning again to their owner, and afford a profit only on being parted with: such is the money which a master keeps by him to pay his workmen, his stock of materials and of worked-up goods, and the stock in trade of all wholesale or retail tradesmen. Capital is said to be *fixed* which is invested in buildings, machinery, implements for facilitating labour, improvements of land, roads, canals, bridges, railways,

&c.; things which yield a profit, not by being parted with, but while remaining in their owner's hands, and employed in producing other things. Smith considers as fixed capital the acquired skill and ability of the members of society.

It is doubtless serviceable to distinguish those kinds of capital which are rapidly circulated, that is, consumed and replaced within brief periods, as a year, for example, from capital of a more durable nature. But it may be surmised that, except in the time during which they remain unconsumed in the employer's hands, there is no real distinction between the two classes of capital here mentioned. The capital laid out by a manufacturer, farmer, or tradesman in the payment of his labourer's wages, circulates most rapidly, being turned perhaps once a week (if his men are paid weekly), by the weekly receipts on his bills or sales. That invested in his materials and stock in hand circulates less quickly, being turned perhaps twice, perhaps four times in the year, according to the time consumed between his purchases of the one and sales of the other, supposing him to buy and sell on equal credits. The capital invested in his implements and machinery circulates still more slowly, being turned, that is, consumed and renewed, on the average, perhaps but once in five or ten years; though there are many tools that are worn out in one set of operations. The capital which is embarked in buildings, as mills, shops, warehouses, barns, in roads, irrigation, &c., may appear scarcely to circulate at all. But, in truth, these things are, to the full, as much as those we have enumerated, consumed in contributing to production, and

must be reproduced in order to enable the producer to continue his operations; with this only difference, that they are consumed and reproduced by slower degrees than the rest. The continual repairs they require attest their consumption and reproduction; and the capital invested in them may be turned perhaps every twenty or fifty years. If, then, the terms fixed and circulating capital are to be retained, I would confine the latter to such portions of capital as are renewed or repurchased, and consumed or parted with *within a year*; that of fixed capital to such as remain more than a year with the person who employs them for profit.*

In some trades the whole capital embarked is turned or *circulated* several times within the year. In others a part is turned oftener than once a year, another part less often. It is the average period which his entire capital takes in passing through his hands, or making one revolution, from which a capitalist must calculate his profits. Suppose, for example, that a person engaged in a particular business has one half of his capital invested in buildings and machinery, so as to be turned only once in ten years; that one fourth more, the cost

* The futility of Smith's distinction is seen in his efforts to separate a farmer's stock into fixed or circulating capital, according as it is kept by him or parted with for profit. Thus the cattle and sheep a farmer milks and shears are said to be fixed, those he grazes and breeds, circulating capital. The seed he throws into the ground to produce next year's crop of corn is a fixed, the hay he feeds his breeding or lean cattle upon to produce next year's crop of lambs or fat beef, a circulating capital. The truth is, that with a farmer as with any other producer, of the capital which the extent of his business requires, part circulates more, part less slowly. The average period in which his entire capital is turned, that is, parted with and reproduced, is the time upon which his profit is calculated.

of his tools, &c., is turned once in two years ; and the remaining fourth, employed in paying wages and purchasing material, is turned twice in one year. Say that his entire capital is \$50,000. Then his annual expenditure will be,

$$\begin{array}{r}
 \$25,000 \div 10 = \$2,500 \\
 12,500 \div 2 = 6,250 \\
 12,500 \times 2 = 25,000 \\
 \hline
 \$33,750 \\
 7\frac{1}{2} \text{ per cent. on } \$50,000 = 3,750 \\
 \hline
 \$37,500
 \end{array}$$

To which sum his annual sales should amount in order to clear seven and a half per cent. profit *on his capital*, and for this end he must charge a profit of ten per cent. *on the value of his goods* ; the mean term in which his capital is turned being sixteen months.

Take another case, in which the fixed capital required bears a smaller proportion to that which circulates rapidly. Say that one fourth of the entire capital circulates in ten years, one fourth in one year, and one half twice in the year. Then the annual expenditure will be,

$$\begin{array}{r}
 \$12,500 \div 10 = \$1,250 \\
 12,500 = 12,500 \\
 25,000 \times 2 = 50,000 \\
 \hline
 \$63,750 \\
 7\frac{1}{2} \text{ per cent. on } \$50,000 = 3,750 \\
 \hline
 \text{Annual sales . . . } \$67,500
 \end{array}$$

In this case a profit of little more than five and a half per cent. on the value of the goods will bring in to the producer seven and a half per cent. of annual profit upon his capital ; the entire capital circulating in a mean period of less than nine months.

Should the greater part of the capital embarked circulate still more rapidly, a much smaller percentage on the articles sold will pay a fair profit on the capital. Should the capital, for instance, be turned five times on the average in the year, a profit of one per cent. on the sales will bring in five per cent. annual profit on the capital.

✓ The higher the profit that can be obtained on capital, the greater, of course, the encouragement to its accumulation and employment.

But, before we can speak of profits as high or low, we must learn to distinguish matters which, in ordinary language, go by the name of profits, from the *interest* or *net profit* on capital.

Many capitalists are themselves personally engaged in productive occupations. The manufacturer, the merchant, the tradesman, the farmer, the master-mechanic, are all capitalist-labourers. The surplus by which the sum they realize from the sale of their produce exceeds the sum they have expended in its production, is in common language called their profits, or *living profits*. But some portion of this is unquestionably of the nature of wages, the recompense of their personal labour, skill, and ingenuity. Another portion often consists of gains arising from the possession of exclusive advantages, such as secret processes, patent instruments or machinery, superior connexions, information, facilities of local position, &c. Another portion consists of

a compensation for the peculiar risks incident to the business in which the capital is engaged. It is the remainder only that properly forms the net profit or interest of capital; that return for its temporary use which can be got without personal labour or extraordinary hazard. This is usually calculated as a per centage on the value in money of the capital employed. And it is itself made up of, 1. Compensation for the sacrifice of immediate personal gratification; 2. Ensurance against the risk of loss through circumstances which may affect the general security of property. The latter element of interest depends on the internal tranquillity of the country; the chance of foreign invasions or political convulsions, such as endanger property; the efficacy of the laws which enforce contracts; the pure administration of justice, and other similar considerations, varying in an extreme degree in different times and places; insomuch that a half per cent. in England will be perhaps a fuller compensation for such risk than two per cent. in Ireland, three per cent. in Russia or France, and ten per cent. in Turkey.

Under similar circumstances of political risk, the interest of money, or net profit of capital, will vary according to the quantity of capital seeking employment as compared to the demand for it. The supply and the demand of capital depend on the relative force of two powerful principles in human nature continually opposed to each other; the desire to consume, and the desire to save or amass. Were every individual in a country to consume the whole of his income, whether derived from rent, wages,

or profit, the amount of capital would remain stationary. Were the owners of capital to consume annually a portion of their stock, while the labourers consumed the whole of their wages, and the landlords the whole of their rents, capital would decrease. The history of nations, however, teaches that, wherever institutions exist affording any tolerable security to the peaceful possession and enjoyment of property, the saving principle is sure so far to prevail over its antagonist (chiefly among the industrious classes) as to cause a continual increase of capital, through the accumulation of portions of income abstracted from revenue to be employed as capital.

But not only does the rate at which capital increases, and, therefore, its *supply*, depend on the relative predominance of the saving over the spending passion, but the *demand* for it is influenced in the inverse sense by the same circumstance. If we suppose the passion of saving carried to excess in any country—were every member of society to content himself with the mere necessities of life, and endeavour to employ as capital all the remainder of his income—it is evident that the home demand for commodities would be limited to the bare necessities of life for that number of individuals. All the various productions which art and ingenuity now supply to gratify the infinite wants and caprices of mankind, would glut the market without a purchaser. The demand for capital would shrink almost to nothing, and profits fall to the merest trifle. This, however, is an extreme supposition, which can never be realized; for, if profits fall

through the competition of increased capital, the inducement to save is weakened, while that to spend is increased. It may, therefore, be safely left to the mutually counteracting influences of the two passions we have spoken of, to determine that current average rate of net profit which is the measure of the degree in which the owners of capital prefer prospective gain to present enjoyment.

From what we have now advanced, it is evident that no conclusion can be come to upon the relative advantages of any two trades, or ways of employing capital, from a mere statement of the *gross profits* returned by each. One may return twelve per cent., the other only six; yet the net profit, or real advantages derived from the capital embarked in each by its owners, may be, in reality, equal. The gross profits of the first business may be swelled by the circumstance of its requiring a much higher class of ability to exercise it (as the trade of making chronometers compared to that of making wooden clocks); or through its being carried on with the help of some secret process, patented machinery, or peculiar advantage of position (such as the vicinity of coal or iron mines, canals, railroads, or other facilities of transport); or by reason of the greater comparative risks to which the business is subjected, as that of gunpowder-making or ship ensurance, over occupations not so exposed to casualties; or of trades in which long and large credits are given (a London tailor's, for example) over those in which the returns are quick and sure. If the two trades whose profits are compared are not carried on in the same country, or under the

same laws and government, then the variation in their gross profits may be still farther swelled by the difference of the risk each is subjected to from political circumstances affecting the security of property in general; as in the instance of Ireland and Great Britain. Nothing, therefore, can be more fallacious than the idea that the amount of the profits realized in any business (in the vulgar meaning of the term, in which it has likewise been used by most political economists) forms a just measure of the real surplus returns of the capital engaged in it; nor can any proposition be more erroneous than that there ever will or can be anything like an equalization of the gross profits of every business.

Making abstraction, however, of all the above-mentioned extraneous circumstances of risk, trouble of personal superintendence, or peculiar advantages, it is evident that the *net* profit, or *interest of capital* to be realized from different modes of employment in the same country or under the same *political* circumstances, will always tend towards equality. And for the reason that, as fresh capital is being continually accumulated from fresh savings, there will be a number of persons continually on the look-out for the means of employing their capital to the greatest advantage; and if any one occupation promised a higher return than others, making allowance for its peculiar compensatory risks, difficulties, labour, and other circumstances, it would be chosen in preference by so many of these speculators, as by the *competition* of their produce in the market must soon bring down the returns

of that particular trade to the general level, perhaps for some time *below* it. There is, in fact, a continual *oscillation* of this sort going on in the returns of capital in most employments, about the mean level or average of *net profit*, and it is accompanied, or rather caused, by an analogous oscillation in the *market value* or *selling price* of commodities about *the mean cost of their production*. These are matters into which, now that we have obtained a tolerably clear notion of the nature of the primary elements of production, labour, land, and capital, we must enter with more detail.

CHAPTER VII.

VALUE.

Value necessarily Relative.—No real Value.—General Value.—Means “Purchasing Power.”—Elements of Value.—Monopoly.—Costs of Production.—Rent, the Result of Monopoly.—Does not enter into Price.—Distinction between good and bad Monopolies.—Demand and Supply.—Their Variations and reciprocal Action.—Cost of Production.—Consists in Labour, Capital, Time, Monopoly, and Taxation.—Competition of Producers, by which Supply and Demand are kept nearly Level.—Different Investments of Capital and Labour.—Partial Glut.—General Glut impossible, except through a Scarcity of Money.

MUCH confusion has attended the use of this word in political economy, which a simple analysis of its meaning might have obviated. In common language, everything which is desirable, as health, wit,

beauty, goodness, is said to have value. But political economy meddles only with things which are the subject of exchanges; and in the discussions of the science, value therefore must mean always commercial value, or *value in exchange*. In this sense, in order to have value, it is not enough that an object be desirable. Many things are highly desirable for their useful or agreeable qualities (as air, light, and water, for example); but yet, under ordinary circumstances, have no value, because, their supply being unlimited, and no trouble required from any one to obtain as much of them as he can want, no one will give anything *in exchange* for them. The moment their *supply* falls short of the quantity required—in other words, of the *demand*—or that it becomes necessary to take some trouble to obtain the quantity required, they acquire an exchangeable value. On board ship, in the deserts of Africa, and in other places where the stock of *water* falls short of the quantity required, it obtains a value, which rises with its scarcity. In cities, water is habitually sold at a considerable price; and this price is generally proportioned to the trouble necessary for supplying the quantity required.

When, then, we speak of the value of anything, we must always have reference to some object of comparison or exchange. In ordinary phrase, money is the understood object of reference. But money being merely, as has been said, some one commodity selected for particular qualities to be used as a general measure of value and medium of exchange, is itself liable to vary in value; it is therefore clear that value is not in strictness to be

determined by quantity of money. When employed alone, in scientific arguments, without reference to money or any other single specific object, commercial value must be understood to mean exchangeable worth in the general market, or what Adam Smith called "purchasing power." An object, in fact, whether gold, silver, cotton, or any other article, is said to have risen or fallen in value when it will command in exchange a larger or a smaller quantity of *other things* in the gross than before. The expression is purely relative. Nor can there be such a thing as positive, absolute, or real value.*

* Smith and his followers have insisted much on everything having a *real* value, which they define to consist of the quantity of *labour* required to produce it; and they accordingly call labour the natural standard or measure of value. But it is indispensable for a standard measure to be something both definite in its nature, and as nearly as possible invariable in value.

But what can be more vague and indefinite in its meaning, or more variable in its value, than labour? In some countries labour is habitually far more severe and unremitting than in another; so that a day's labour in each by no means expresses an equal quantity of exertion. Again, an hour's labour of one man may in the same place be worth a year's labour of another. It is impossible that anything so variable in meaning and value can be fitly employed as a fixed general measure of the value of other things.

It has, however, been urged, that the exchangeable value of anything will always depend on the quantity of labour necessary to procure or produce it, and on this ground it is proposed as the best measure of value. One would have supposed that the commonest facts might have sufficed to prevent the promulgation of this position. What causes the workmanship of one artist to sell for ten times as much as that of another? Certainly not the greater proportion of labour bestowed on it. Why will a statue of Chantrey, a portrait by Lawrence, a novel by Scott, bring twenty times the money which the productions of inferior labourers will command? Why, again, is an acre of land at Battersea more valuable than one on Dartmoor; a diamond than a

When a desirable commodity is to be obtained *in any quantity that can be required* by a *proportionate* outlay of labour, like water from a copious spring, or stone from an inexhaustible quarry, its value will, in the long run, be determined solely by the comparative labour required to procure it. But many commodities can only be obtained at all in

bit of glass ; an antique brass coin than a modern gold one ? Not, surely, because of the greater quantity of labour worked up in them. It is true that these writers sometimes attempt to qualify their rule by admitting exceptions in the case of those commodities whose supply is limited by monopoly, or the exclusive facilities for the production of which is possessed by certain individuals. But is there any commodity which is not more or less affected by monopoly ? Is there any in the production of which superior advantages are not enjoyed by some parties over others, enabling them to raise its price in the market ? All land, to begin with the primary source of *every* commodity, is, in nearly all civilized societies, monopolized. And the superior advantages of position or quality belonging to one tract of land over others, enable its owner to place a far higher value on its produce than will just cover the labour of production. All mines of coal and metal, quarries, woods, water-power, &c., are in the same predicament. And if we reflect that there is no commodity which is not, in part or altogether, made up of materials produced under these monopolies, we shall be led, perhaps, to conclude that the proposition of the economists in question is the very reverse of the truth ; and that there is scarcely any commodity the value of which is solely determined by the quantity of *labour* required to produce it.

The fact is, that all these attempts to identify value with labour, or to distinguish *real* from relative value, are founded in a misconception of the nature of value, which, as we have said above, like length, weight, bulk, or any other quality susceptible of measurement, has essentially a relative only, not a positive meaning. What is *real length*, or real weight, or real bulk ? Just as unintelligible as *real value*. Value is "comparative estimation as an object of exchange ;" and, when used without reference, expressed or implied, to any particular commodity as its measure, means *general value*, or value in exchange against goods in general ; as Adam Smith phrased it, "purchasing power in the general market."

limited quantities ; and when the quantity required, or the *demand*, exceeds the quantity produced, or the *supply*, their value is proportionately enhanced. This permanent scarcity, or *rarity*, as it is called, is the cause of the greater part of the value of all precious stones and metals, superior works of art, scarce and fine wines, antiquities, and curiosities of all sorts. The increased value which the owners of such objects are enabled, from their rarity, to obtain for them, beyond the mere cost of labour or capital by which they may have been procured or produced, is sometimes called *monopoly* value. The owner of the vineyard which produces Johannisberg is in possession of a monopoly which enables him to put a much higher price on his wine than can be obtained for the produce of other vineyards cultivated with the same expenditure of labour and capital. A person passing through the streets of a town is struck by a stained and dirtied piece of canvass at a broker's door. He buys it for a trifle, cleans it with a little labour and expense, and it proves to be a Claude or a Raphael, worth a hundred times, after this discovery, what it was before. It is the rarity of fine pictures by such artists that confers a monopoly value on them. Objects which are *unique* of their sort are often of great value in consequence. When there are but two known copies of a scarce work, it has happened that the possessor of one has bought the other at an extravagant price, for the purpose of destroying it ; his single copy being, in its unique state, of greater value in the market than the two were before. This species of value arises likewise from other circumstances of considerable moment, and particularly from the following :

Many commodities—indeed, the larger proportion of goods in every market—can be supplied in increased quantities only by an increased *proportionate* outlay. This principle teems with very important consequences, and follows necessarily from a very simple circumstance, which, if it had received the attention it deserved from political economists, might have prevented their falling into no little confusion and error.

Value, we must beg our readers to observe, has a strict relation to *time* and *place*. The value of a thing is the quantity of other goods or of money, that is, the *price* it will command *at a particular time and at a particular place*. A thing may have a high value at one time, as ice in the dogdays; and no value at another, as the same ice in January. Again, that which is of little value in one place is of great value in another, as the old proverb about coals at Newcastle teaches. When, therefore, the value of anything is spoken of, reference is generally had to some particular time and place; and when value in the general market is spoken of, the average of local markets is intended; and, unless otherwise expressed, the present time.

Few objects are either sold or consumed at the time and place in which they are created. Nearly all articles require more or less of both time and labour, not merely to grow, prepare, and put them in marketable condition, but likewise to bring them from the spot where they are prepared to the market or place where they are sold. In fact, the greater proportion of the most important objects of commerce—those which compose the food of man,

and the raw materials of his clothing, comforts, and luxuries—are raised by cultivation from the surface of the earth. But the process by which they are raised is one which requires much *time*—one season at least, often many—as well as *an extensive surface of soil*; and a very small proportion of them are consumed on the spot where they are grown, or immediately upon their production. Consequently, the *cost* or expenditure necessary to produce these things for the bulk of their consumers, must consist not only of the *labour* of raising them, but likewise of the *time* consumed in their growth and preservation, and also of *the time and labour employed in bringing them to market*.

The value added to goods by the *time* necessary for preparing, preserving, and bringing them to market, is, as we have seen, charged under the name of profit on the capital expended. That the cost of carriage of goods from the spot where they are prepared to the market where they are sold, is likewise a main element in their value, will not be disputed. In some articles, as stone, coals, water, &c., it makes up by far the greater part of their cost. In order to diminish this as much as possible, the demand of a particular market for any things which are raised by cultivation of the soil, will be supplied from the soils nearest at hand that are most fitted for the purpose. But it is obvious that, as the demand in that particular spot increases, the supply has to be procured at an increased cost, either from *more distant soils*—causing an increased expense of carriage to market—or from such soils as, though nearer at hand, are of inferior productive quality to those first taken

into tillage, that is, which require a greater expenditure of labour or capital upon them to ensure the same quantity of produce.

It is, however, certain that there cannot be two prices (or values) for goods of the same quality in the same market and at the same time; since no seller will take less from one buyer than he can get from another, and no buyer will knowingly give more to one seller than another will take for the same article. The *competition* of buyers and of sellers with one another in the same market, will always bring the value of articles of the same quality in one market to the same level. It follows, then, that as the demand in a market for such objects as are produced under the circumstances just spoken of increases, the value in that market *of the whole supply* of them must keep up to the level of the value of that part of the supply which is produced in the market at the greatest cost. If this portion of the supply could not command that price (excluding, of course, the results of temporary and accidental miscalculations), it would not be brought to market. And if that portion can command that price, so will all the rest of the quantity sold. The producers of this last portion will be repaid *precisely* for the labour and time they have consumed in growing or fabricating their article and bringing it to market (in other words, the *costs of its production*—the capital employed in producing it being replaced with a profit, and the labour repaid at ordinary wages). But the producers of all the other portions, which were produced under easier circumstances, will get a *surplus* beyond the costs of production. And this

surplus will be the greater in proportion to the greater *comparative* advantages of proximity to the market, of quality of soil, facility of communication, or other favouring circumstances.*

Rent, however, it must be recollected, includes, in its ordinary acceptation, many other things besides the gain arising in the manner we have described from *natural* or *casual* advantages, whether of soil or position. A vast amount of labour and capital has been laid out by its successive owners or occupiers; much of which remains permanently invested in the soil, adding to its value and productiveness. And the portion of rent, which is attributable to these *acquired* or *artificial* advantages, must be considered as representing the profit on the capital so expended. If the expenditure were to be calculated which has been from first to last

* We beg the reader to observe that, whenever we employ the word to *produce*, or any of its derivatives, producer, production, and produce, we have reference to the production of an article *at the market where it is offered for sale*. It would be very convenient, and tend materially to settle many disputed questions of political economy, if all writers would bear in mind and adhere to this rule in their employment of the term. The producer of corn is properly not the farmer alone who raises it from the soil, but also the person, whether farmer or corn-dealer, who *produces* it at the market. The farmer is the grower simply, until he, or some other for him, brings it to market and offers, i. e., produces it for sale. The cost of production includes the cost of carriage to market as well as of the growth of the corn. In manufactures, it is not the man who weaves the cloth or cotton that is its producer, but the person who, having defrayed the costs of the raw material, the manufacture, and the carriage to market--of the whole operation, in short, to which its existence is owing, *produces* it there for sale. So the producer of an article, raised or fabricated abroad to be sold in this country, is not the foreign grower or manufacturer, but the person, whether foreign or native, who produces it for sale in our markets. (To produce, *v. a.*, to offer to notice; to exhibit to the public; to bring forward.—*Johnson*.)

laid out in permanent improvements of the land of this country, for example, in the original clearing and enclosure, in drainage, making of roads, farm-buildings, fences and gates, water-courses, plantations, irrigation, &c., it would appear that by far the larger part of the rent received for landed estates consists of the necessary profit on this outlay. Of the remainder, part accrues from peculiar advantages with respect to proximity to markets or manures ; part from superior natural fertility of soil. It is to this last portion only of the ordinary rent of land that the greater number of political economists have confined their attention ; and this exceedingly narrow and imperfect view of the nature of rent has necessarily led them into much inconsistency and error.*

* "Rent," says Mr. Ricardo (and Messrs. M'Culloch, Mill, and many other economists have adopted his definition), "Rent is that portion of the produce of the earth which is paid to the landlord for the use of *the original and indestructible natural powers of the soil*."—(Ricardo, *Political Economy*, chap. ii. ; Mill's *Elements*, p. 39 ; M'Culloch's *Principles*, p. 431.) This definition excludes all that large portion of rent which we have noticed above as resulting from artificial improvements, as well as all that other large portion which is the consequence of favourable position with respect to markets, communications, manures, &c. The "original indestructible powers" of the British soil were the same in the time of the Heptarchy as they are now. How is it, then, that they brought in no rent, or next to none, at that time ? If rent depends solely on natural fertility of soil, why do some acres of land in England let for ten pounds a year, while an acre of equal fertility in Canada will not command a sixpence of rent ! While this school of political economists declare rent to be solely owing to the "difference in natural fertility of soils," and build their whole science upon this principle or "theory of rent," as they call it, other writers have set up another in its place, viz., that rent is solely owing to the "pressure of population against produce, causing a rise in prices."—(Westminster Review ; True Theory of Rent, &c.) This explanation, however, is not much nearer the truth than

Besides the peculiar gains which are derived in husbandry from superior fertility of soils or from proximity to market, manures, &c., there are analogous gains which, in every branch of industry, result from secret processes, patented machinery, extraordinary powers of body or mind, advantageous connexions, and, in short, from every instrument of production which is not universally accessible. Each of these affords a revenue quite distinct from that which is yielded by the capital and labour employed in producing an article. For the sake of convenience, this species of revenue has been termed, as we have said, a *monopoly* gain; but the term is unfortunate, inasmuch as it conveys to most minds the impression that the advantage enjoyed is at the expense of others, and has been obtained by unfairly excluding them from competition. It is evident, however, that, in many instances, this is not the case. One who has been en-

the other. Rent may certainly exist in a society whose numbers are in no degree excessive; nay, it may increase, at the same time, with an increase in the productiveness of agriculture, and in the share of its produce falling to each individual inhabitant; just as it may arise and increase where all soils are alike in fertility. It is, in fact, the simple consequence of an increased *local* demand requiring an increased *local* supply, which supply must be procured either from inferior soils close at hand, or from the best soils at a greater distance. It may and does often happen, that the increased supply can be sold, through continued improvements in agriculture or the arts, at a *less price*, or can be commanded by the *individual* consumers in *greater quantity* than at an earlier period: and yet there will be an increase of rent arising from the superior advantages of position or quality, &c., of some lands over others, for supplying the actual demand. Rent consists, then, of the difference between the expense of producing that portion of the required supply which is produced under the least favourable circumstances, and that produced from the land which yields the rent.

dowed by nature with extraordinary powers, or has acquired superior skill by patient application, and perhaps at much expense, is clearly entitled to whatever benefits he can compass by a fair exercise of such powers or skill. So he who has spent years, and laid out thousands in perfecting a machine or process by which one man can do the work of ten, ought to be repaid for his labour and expense ; and hence the equity of protecting him by law (or patent) in the exclusive use of his invention for a term of years. If the law cannot or will not interpose for this purpose, he has evidently a right to protect himself by keeping his invention a secret. This is not only just, but eminently useful to the public. Production is facilitated, and the advantage of this must be experienced by others as well as by himself. Such peculiar advantages, too, when possessed by one person, provoke to emulation. They hold up to view the prizes that are to be gained by excellence of any kind ; and thus each producer is stimulated to increase to the utmost his own advantages over others.

It is not easy to define accurately in words the distinction which separates beneficial or harmless from injurious monopolies. Generally speaking, that which results from superiority, acquired and exercised in a fair and open manner, is beneficial ; such as are obtained or supported by fraud or force are publicly injurious. No one blames Chantrey or Lawrence for charging as high a price as they can obtain for their productions. No one disputes the general advantage of allowing the grazier who produces the best ox, or the farmer who brings up the finest sample of corn, in the market, to carry

away the topping price. No one doubts the right of a merchant, who, from superior sagacity, has foreseen the probable future deficiency of some article in the market, and provided a stock of it against the time, to make what extra profit he can of his speculation. So no one quarrels with great landed proprietors for charging as high a ground-rent as they can obtain, even though it reach five guineas a foot, for their land in the vicinity of wealthy and populous towns. But if the owners of such land, not content with the extra price or rent they may freely command for its employment as building-sites, pleasure-grounds, market-gardens, accommodation-pastures, and from the saving in the expense of conveyance of its produce to market occasioned by its proximity—if, we say, not content with these accidental and natural, but just and fair advantages, they were to attempt to enhance the value of their monopoly, supposing them to have the power, by any legislative interference with the freedom of trade, as, for instance, by interdicting the inhabitants of the town from obtaining their supplies of vegetables, meat, butter, &c., from other lands—such monopoly would undoubtedly be one of a most unfair and pernicious character. It would be nothing less than a conspiracy to raise the price of the necessaries of life.

Another hurtful kind of monopoly is that obtained by the combination or conspiracy of parties, who, being enabled to command the entire supply of any article to a market, use this power for the purpose of putting an extraordinary price upon it, restricting the supply to the community in order to enhance its value, and, consequently, to increase their surplus

profits upon their expenditure. An instance of this is the combination of the great coal-owners of the north of England, which was exposed in a late committee of the House of Lords. Another, that of the companies by which London is supplied with water, who have divided the town among themselves, engaging mutually to confine themselves within their several districts ; by which they are enabled, without fear of competition, to charge the public an exorbitant price for this most necessary article, and to clear extravagant profits for their shareholders. If any attempt is made by a stranger to compete with these banded monopolists, they can, by their combined influence, and by a temporary relaxation of their prices, deter him effectually from the vast outlay of capital which would be necessary before he can even commence his competition, and, having thus driven him away, they can return to their old charges. So that the public are completely at their mercy.

For several centuries there prevailed a strong prejudice against the forestallers of grain and other provisions : dealers, that is, who, in the apprehension of a scarcity, buy them up with the intention of obtaining a monopoly of the market, and being able to retail (regrate) them out afterward with a high profit. But the growing enlightenment of the age has placed within the comprehension of nearly every one, that such a process, unless the result of combination, is, on the whole, far more beneficial than hurtful to the people who consume the provisions. And this because the forestaller, anticipating the dearth of provisions at an earlier period than others, by his demand raises

their price, and thus discourages their consumption and waste, and diminishes the severity of the subsequent scarcity. The forestaller may gain a high profit by selling dear that which he bought cheap ; but if his sagacity had not led him to speculate on obtaining this high profit by large purchases and reserves, the probability is that there would have been no supply at all for the public ; at all events, much less than has been secured by his providence. In fact, such speculating provision-dealers tend, by their operations, to distribute the supply pretty equally throughout the year, which, without their aid, would be necessarily so irregular as to occasion profusion and waste at one period, and dearth and famine, as their consequence, at another.

The true rule, therefore, with respect to monopolies, seems to be, that every one should be left at liberty to avail himself of whatever peculiar advantages fall to him by accident, or through his own exertions *fairly* and freely exercised in concurrence with other competitors ; but that no one be permitted to increase his own superiority by destroying or unfairly restraining the powers of others. And, likewise, that the law (except in cases when the public benefit is unquestionably interested) should abstain altogether from either conferring exclusive advantages, or breaking them down when adventitiously established and not unfairly exercised.

DEMAND AND SUPPLY.

What we have advanced on the elements of value makes it evident that the value (or selling price) of an article at any time and place is determined

by the *proportion of the demand to the supply at that time and place*. And it is a change in that proportion which occasions the rising or falling of prices. The extent of the demand for, and supply of articles, and, consequently, their relation to each other in any market, is liable to be affected by a variety of circumstances, some temporary, others more or less permanent in their operation.

I. The extent of the *Demand* for a thing depends on the intensity of the desire for its possession among a larger or smaller number of persons, and likewise upon their means of purchasing it. As Adam Smith long since said, "Every beggar may desire a coach and six;" but to be *effectual*, to make itself sensible as a demand to the coachmakers, the desire must be accompanied by a power of purchase; that is, by an equivalent supply of money or money's worth.

The demand for those objects which are employed as the principal subsistence and necessary comforts of a people varies least of all, being chiefly determined by the number of the population to be supported, which is not liable to sudden change, and to their habits, which, though varying in the course of long periods of time, are equally unsusceptible of *sudden* fluctuations. A deficiency in the means at the disposal of the mass of the population for purchasing the necessities of life, such as is occasioned by a sudden rise in their price, unaccompanied by a proportionate rise in the wages of labour, cannot but diminish the effectual demand for them; not, however, in the proportion of the increased price; every other possible sacrifice being

naturally made to obtain a sufficiency of necessaries. A fall in the price of these things, on the other hand, does not occasion a fully proportionate increase of demand, except in those countries, and they are unhappily many, the bulk of whose inhabitants are at all times ill supplied with necessaries, and are, therefore, limited in their demand for them only by a deficiency of their "power of purchase."

The demand for articles of ornament and convenience is liable to much more rapid and frequent changes. The caprice of man exercises, it is well known, a far more powerful sway over the intensity of his desire for superfluities than over his necessary wants. *Fashion* prides itself on singularity, and is ever in search of novelty. So that change is of its very essence. And such changes must occasion a proportionate fluctuation in the demand for these articles, as well as for all such as are consumed in their production and supply. The introduction of a new article which obtains favour with the public, will suddenly give rise to a new and extensive demand for that particular commodity, and proportionately diminish the demand for some other whose place it takes. Thus cotton or Berlin gloves have of late been very generally substituted for leather gloves, to the great temporary detriment of the makers of the latter article, and the proportionate benefit of the cotton hosiers. The gilt-button-makers have been severe sufferers from the general introduction of the fashion of covered silk buttons. At one time printed cotton goods are the universal wear, and the next year silks, perhaps, are in almost equal vogue. A general mourning in England, occasioned by the death of one of the

royal family, raises the demand for all dark goods, and depresses that for the gayer fashions. Fortunately for the producers of such articles of dress, these changes of taste, though often very rapid in a particular class, rarely occur simultaneously throughout all the classes of society. A mode of dress which has *gone out* of fashion among one class, will perhaps be just introducing itself in another, to descend, when the latter have worn it out, to the lower and more numerous. So that the demand, when slackening in one quarter, is usually increasing in another. And the stuffs which have been long discarded by those whose caprice originates a fashion, are for a considerable time afterward in full demand among a herd of tardy imitators.

II. The *supply* of goods is determined by the circumstances that affect their production, and is subject to still greater variations than the demand. Those things which are raised directly from the soil by agriculture, comprehending not only food, but the raw material of nearly all manufactures, are liable to great and frequent fluctuations in supply, from the variable character of the seasons. Abundant crops, occasioned by favourable seasons, cause the market to overflow with a quantity of such commodities far beyond the average supply. Unfavourable seasons create a general deficiency below the average. Other obvious circumstances often affect for a time the supply of a market with particular commodities, such as the early setting in of a frost, by which the harbours in high latitudes are blocked up before the vessels loading there can

get away ; the imposition of an embargo on the exporting harbour ; or the interruption of the commerce between different countries by the breaking out of war.

These causes of variation in the supply of goods are more or less temporary and casual in their nature. The circumstances which determine permanently, and on the whole, the average supply of goods to meet the demand for them, are those which may be included under the general designation of their necessary *costs of production*.

The cost of producing any article comprehends,
1. The labour, capital, and time required to create and bring it to market in sufficient quantity to meet the effectual demand for it. 2. The additional charges occasioned through *the entire* supply being produced under monopoly of any kind. 3. Whatever additional charges are occasioned by the amount of taxation, to which it, or any of the materials employed in its production, may be subjected by the authorities possessing that power.

1. That portion of cost which consists of the labour, capital, and time required for creating and bringing to market a sufficient supply of the article, is by far the most important. The *money cost* of the requisite *labour* will depend on the current or ordinary remuneration of such labour at the several places where it may be required. Thus the expense of producing corn in Great Britain or the United States will materially depend on the current wages of agricultural labourers in those countries. Any general fall or rise in the wages of any class of labourers engaged in production, goes to lower or raise the money cost of the articles they pro-

duce. Hence one reason of the struggle which so often arises between labourers and their employers as to the rate of wages ; it being the apparent interest of the employer to diminish this main item in his expenses, with the view of increasing his share of the sum for which he expects to sell his commodity.

Again, the money cost of the *capital* consumed will depend, not on its amount only, but also on the time during which it is engaged, the risks to which it is exposed, and the current rate of interest which its owner will, of course, expect to receive for its employment.

But the *real* cost, or actual amount of labour, capital, or time required for the production of anything, will vary with the greater or less skill, knowledge, and appliances of all kinds available in aid of it.

Every improvement in the processes by which commodities of any kind are produced, contributes towards the great end of lessening the producing costs of commodities by the saving of time, capital, or labour. Every step that is made in any of the arts and sciences subservient to production, tends directly to increase man's power over nature ; to render a fixed amount of his labour more efficient, that is to say, productive of a larger amount of the objects of his desire. Some of the most striking of such improvements are those continually made in the means of communication. The formation of new roads, canals, and railroads, with the introduction of steam navigation, have been most conspicuous among the causes which have operated of late years to reduce the

cost and facilitate the supply of commodities, particularly of the more bulky articles. An instance in point is afforded by the vast increase in the traffic between Ireland and the western coast of England since 1824, the period when steamboats were first employed in the Irish channel. The markets of England have thus received a prodigious addition to their supplies of provisions. Lancashire has especially profited, from the contemporaneous opening of her great railroad, which, receiving the Irish produce from the vessels at Liverpool, carries it forward with the utmost expedition, and for a trifling charge, to Manchester and its neighbourhood. Fresh meat, eggs, and butter are thus conveyed, with almost miraculous cheapness and celerity, from the very centre of Ireland (whence canals take them to Dublin) into the heart of the most populous manufacturing district of Britain. The cost of provisions in these latter places must be proportionately diminished.

The *capital* employed in production consists chiefly of appliances of various kinds for facilitating labour. The main object of the invention of tools and machines of every description is the economy of labour, with a view to diminish the real cost of production. It is chiefly to the wonderful progress made of late years in the arts of mechanical invention that we are indebted for the superiority of modern society over that of earlier ages, in the abundance of luxuries, comforts, and conveniences at the disposal of every class. The immense wealth that has been produced and accumulated is to be ascribed almost entirely to the stupendous inventions and discoveries of Watt, Wedge-

wood, Hargraves, Arkwright, Fulton, Compton, Cartwright, Whitney, and a few others. "These added so prodigiously to our capacities of production, that we went on rapidly," says a British writer, "increasing in population and wealth, notwithstanding an expenditure of blood and treasure unparalleled in the history of the world. It is believed that an individual can, at this moment, by means of the improved machinery now in use, produce about two hundred times the quantity of cotton goods that an individual could produce at the accession of George III. in 1760! The improvement in other branches, though for the most part less striking than in the cotton manufacture, is still very great; and in some, as in the lace manufacture, it is little, if at all, inferior."* The loom is one of those inventions which have most signally advanced the productive capacity of man. "Ulloa mentions that the Indians of South America have no other mode of making cloth than by taking up thread after thread of the warp, and passing the woof between them by the hand; and he adds that they are thus frequently engaged for two or three years in the weaving of hammocks, coverlets, and other coarse cloths, which a European would, by means of his loom, produce in as many days, or probably hours."†

Facts like these strongly illustrate the immense benefits derived by society from improvements in machinery, by which the *real cost* of consumable goods, or the time and labour required for their production, are diminished. The prejudice against

* Edinburgh Review, No. cxii., p. 314.

† Ibid., p. 315.

machinery, still prevalent among the ignorant, and which has often shown itself in outrage and rioting, arises from the circumstance that any change in the *mode of production* of particular goods throws out of employment for a time many of those who were occupied on the superseded method; and who are unfitted, by their habits, situation, want of skill, and other circumstances, to supply the demand which must immediately spring up, somewhere or other, for labour of another kind, to be employed in the improved method. The pressure of such changes (like those we have traced to changes in fashion and demand) is often very severe and enduring; as in the instance of the unfortunate hand-loom weavers, who have, for twenty years past, in Great Britain, been engaged in a hard but unavailing competition with the improvements of the power-loom. And these sufferings ought undoubtedly to be mitigated at the expense of society by direct relief, but still more by the adoption of means for raising the standard of education among the labouring population, and also for facilitating the transition of labourers from one branch of employment or one locality in which they are no longer wanted, to other employments or places in which the demand of labour is brisker. Any *interference* with improvements from which society at large profits so greatly, for the sake of *protecting* those whose employments are about to be superseded, is obviously indefensible.

Interference has often been asked for by the sufferers in these cases and their advocates. But such a principle, once admitted, it is evident, would tend directly to stop all improvement; it would

have necessitated the prohibition of printing for the protection of manuscript copyists ; of steam-boats for the protection of sailmakers ; and of bridges for the protection of ferrymen ; it would go to prevent the employment of every contrivance by which human labour is aided in any branch of industry, and reduce us, as was well observed by a Glasgow operative before a committee of the House of Commons, to the teeth and nails as the sole instruments of production. *The sure result of every improvement in machinery is an increased production of the means of enjoyment.* Whatever partial evils attend that beneficial result, may and ought to be mitigated by other means than by placing obstacles in the way of the march of improvement.

Capital which consists in tools or machinery is more or less durable, and will usually aid in the successive production of a large quantity of commodities before it is wholly consumed. The portion of such capital that is consumed in production enters as an element into cost, together with the current rate of profit upon it for the time during which it has been advanced. Thus the cost of one hundred quarters of corn to the grower includes, besides his labourers' wages and his own, the value of that portion of his stock (*viz.*, seed-corn, ploughs, harrows, and other implements, horses, horse-provender, manure, &c.) which has been consumed in raising his crop, together with the current profit on the value of every several portion of this capital for the time during which it has been employed in the production of his corn. Hence, improvements which save any part of the

time necessarily consumed in the business of production, effect a reduction in the cost of the produce, by lessening the amount of profit chargeable on the capital employed, as well as the amount of wages chargeable for the labour of those who assist in, or superintend the work. The improvements we have just noticed in communications of every kind, and, above all, the extraordinary acceleration which has taken place of late years in the conveyance of both public and private intelligence throughout this and other countries, have contributed, in a remarkable degree, to diminish the producing costs of many objects, by enabling their producers to save much of the time which was formerly wasted in the intervals between the different stages of the process of production, as well as between its completion and final sale. If a manufacturer is able, through such circumstances, to turn his capital twice in the year where formerly he could have turned it but once, that portion of the producing cost of his article which consists of the profit on the capital employed, and of the wages of himself, and perhaps several of his assistant labourers, his clerks, &c., will be but half what it was at the former period.

2. When the *entire* supply of a commodity, or of any of the elements necessary to the production of a commodity, is produced under a monopoly, the extraordinary charges which the owner of the monopoly is thereby enabled to make, go to swell the amount of its cost. Thus the proprietor of a patent or secret process, by which a particular article is exclusively produced, has it in his power to charge for his article, beyond the amount of the

ordinary wages and profits on the labour and capital consumed in its production, a sum sufficient to defray the cost of invention. So the owner of a vineyard, which exclusively produces fruit of a peculiarly fine quality, is enabled to raise the price of its produce to those who buy of him far beyond the ordinary remuneration for the capital and labour expended upon it. And these extraordinary charges enter into the *producing cost* of the article, because their payment is the *necessary condition* of its production for sale. Unless their terms are agreed to, the monopolists may decline to produce or sell the article at all. This remark applies, of course, to all commodities which, in any stage of their production, or in any one of their necessary elements, are subject to similar charges for exclusive powers or privileges. But it must be observed, that the payment of all such monopoly charges is wholly voluntary on the part of the consumer, who has no right to complain of its exaction so long as he is left free to purchase or procure the article in any cheaper manner, if he can.

When, however, only *a portion* of the entire supply is produced under a monopoly, the necessary cost of the article is not affected by such monopoly, but consists solely of the labour, time, and capital required to produce *that portion* of the supply which is brought to market under the least favourable circumstances to its producers, and, consequently, under no monopoly. Though the parties concerned in the production of the remaining portion of the supply receive a monopoly profit, they do not thereby raise the price of their article. It is out of their power, by refusing to produce or by any other

means, to raise the price one jot beyond that at which the commodity can be supplied by other parties who will be content to get the current profit on capital and wages of labour. The proprietor of a peculiarly rich or well-situated coal-mine, for example, obtains a monopoly profit upon his produce, consisting of the difference between the cost of producing the article from his mine, and the cost of the same article from the poorest or worst situated mine of all by which the market is habitually supplied. But the price of the entire supply of coal is determined by the cost of this latter portion, and is therefore in no degree raised by the superior advantages enjoyed by the owner of the best mines. The same law, as we have already seen, applies to all raw produce derived from land; the cost of which is in no degree affected by the rent of the best lands, but is determined by the labour, capital, and time required for its production from the least favourably situated lands of all that habitually supply the same market.

3. It is obvious that the amount of *taxation* to which a commodity is liable, in itself or in any of its component elements, must add just so much to the cost of producing it for sale in the market, together with the current rate of profit on the sums so paid for the time during which they have been advanced. A diminution of the customs' duties on foreign produce,* or of the taxes levied on articles of home

* Such has not been the case in the United States. It has been often remarked, that the repeal of a duty on foreign goods is followed here, not by a *fall*, but by a *rise* in price. Two reasons for this will readily occur to the reader: 1st. The duty has the effect of inducing a greater number of capitalists to engage in the production of the article, the competition between whom

growth or manufacture, or on any of the materials employed in their production, has the effect of diminishing their cost to the producer. So also the breaking out of a war, by increasing the premium on marine insurances, adds to the producing cost of all imported goods.*

keeps the price down. When the duty is repealed, many of these withdraw. 2dly. It is part of the policy of British manufacturers to *glut* American markets with such articles as we are endeavouring, by the aid of duties, to produce. This they are enabled to do by manufacturing a surplus of goods beyond their orders; and this surplus being produced at little comparative cost, it is thought to be good policy to throw it into foreign markets, where they are trying to build up domestic manufactures, and to sell it so low that the native goods will be driven out. When a duty is repealed, the motive to this course ceases, the supply is diminished, and the goods rise, till they pay both the costs of production and a good profit to the foreign manufacturer.—*Ed.*

* The majority of political economists, in pursuance of the fallacy already exposed of identifying value with labour, resolve cost of production into the quantity of *labour* only required for producing the article. It is scarcely necessary to say more in refutation of so palpable an error. Land and capital must unite with labour in the production of everything, and the owners of land and capital, no less than the owners of labour, have the power of demanding, and are in the habit of receiving, a share of the value of every commodity in return for what they contribute towards its production. And even though we should exclude from consideration all monopoly charges, and view the value of land and capital as the result merely of anterior labour, yet it would be in the highest degree irrational to refuse to distinguish the labour that enclosed and cleared a field, planted an oak, or raised a building centuries ago, or that which built a ship, or framed a machine several years back, from the labour which is employed at the present time in using the land, building, timber, vessel, or machine, in the preparation of something for immediate sale. Nor even, though we admitted all land and capital to owe their value to labour, would this suffice to resolve cost ultimately into labour. For it will not be denied that *profit* is a constant element in cost. And this, as we have proved, is a compensation not for labour, but for the *time* during which the owner of capital has allowed it to be employed productively with a view to ultimate remuneration, instead of consuming it imme-

It is quite evident, that the cost of producing any article must, in the long run, determine its price (or selling value). For, unless a price can be obtained sufficient to cover this cost, no one will continue to produce it for sale.

A sudden increase of demand, or a casual deficiency of supply, will frequently raise prices above this level; as a diminished demand, or an accidental increase of the supply beyond the demand, will lower them beneath it. Such effect is, however, but temporary. The constant tendency both of demand and supply is to come to an equilibrium, and the point about which they oscillate is that selling price of the commodity which will just cover the cost of its production at any particular time and place.

Should the price fall below this level, producers find that particular branch of industry a less advantageous mode of employing their capital and labour than others, and some are therefore led to discontinue it; or those who were on the point of embarking in it are led to prefer another occupation. The supply is thus generally diminished, until it is brought down at least to the level of that extent of demand which will pay the producing cost.

When, on the other hand, the supply is deficient as compared to the demand, the price rising in consequence above the cost of production, producers are encouraged, by an increase of profits, to enlarge their business, and invest additional capi-

diately on his personal gratification. It is also clear, as has been shown above, that monopoly charges, as well as taxation, wherever they exist, are included in costs of production, together with the ordinary elements.

tal and labour in that particular trade, until the increased supply meets the demand, and brings down the price to the level of the producing cost.

These oscillations of price about the mean level of the costs of production are continually taking place; the circumstances which influence supply and demand being of so complicated a character, that the one can never, for a length of time, remain exactly adjusted to the other. The producers can never anticipate with precision the extent of the demand, and will therefore usually be something within or beyond it. Moreover, as we have seen, supply and demand act and react on each other. An increased supply, by lowering price, not only tempts those that employed the article previously to enlarge their consumption, but likewise brings it within reach of a wider circle of consumers, who acquire a taste for it, which usually continues even when the price has again risen. Hence a permanent increase of demand is generally established by a temporary fall of price. An increased demand, by augmenting profits, attracts fresh speculators into the business, and, in turn, raises the supply.

The *competition* of individual producers is in this way constantly tending to equalize the supply and demand. Each acting in his own sphere, and actuated by the instinct of self-interest, endeavours to produce as much as he can sell with a fair profit, and yet to produce no more than he can so dispose of: each and all endeavour, for their several interests, to *keep the supply full, but to prevent excess*.

Competition is, indeed, the soul of industry, the

animating spirit of production, the ever-present, all-pervading elastic principle, which, like the power of gravitation on the atmosphere and ocean, fills every vacuum in the market of exchanges, equalizes the quantity for every commodity to the necessity for it, and preserves their relative values at the mean level of their comparative estimation in the regard of the great body of consumers. Every one who sees his neighbour getting an advantage which lies open to himself—a higher profit or a larger wage—anxious to share in the benefit, starts as his rival, if it be possible for him to do so; and the number of competitors who thus throw themselves into any peculiarly advantageous business, must speedily reduce its profits to the general level, and its prices to the necessary costs of production.

Monopoly and competition are antagonist principles, working constantly against each other, but in such a way as to benefit society by the result of their joint forces. The object of the monopolist is to control the supply, either permanently or for a time, in order to raise the price. The struggle of competitors to share the advantages of the monopolist tends to increase the supply, and therefore lowers the price. The first principle befriends the public by holding out high encouragement to invention, skill, and improvement; the other, by reducing the price the public have to pay for such improvements to the lowest point consistent with their sufficient encouragement.

The mode in which the principles we have been analyzing determine the direction and extent of

productive operations, will be seen, perhaps, with greater clearness, if we examine briefly some of the simplest habitual modes of employing capital and labour.

Suppose A. to possess property to the value of a thousand pounds.

1. If he *realize*, that is, sell it for a thousand pounds in *money*, it is then in that form which combines, perhaps, the greatest security and convenience, as enabling him to make whatever use he pleases of it; to remove with it to any part of the world; to expend it on his own gratification; or to employ it in any productive investment which offers at the moment the highest advantages. But, so long as he retains it in the shape of money in his pocket or his chest, it is of no other advantage to him than what he may derive from a feeling of its security, and of his power of commanding, through its means, anything in the market up to that value. If he wish to make a profit of his money, as a source of revenue, he must change its mode of investment.

2. He may, for example, lend it to some one who is in want of money, on securities of a private nature, such as bills, bonds, mortgages of land or buildings, &c., or of a public nature, as government stock, canal and railroad shares, &c. The latter class of securities are readily *available*; that is to say, the owner may *realize*, or turn them again into money whenever he chooses; but they fluctuate in value, and may sell, therefore, for more or less than was given for them. All bear the current interest on money, with a difference determined chiefly by the more or less of risk attached to each, and

the more or less of trouble and expense attending their transfer.

These moneyed investments are all mere debts, or claims representing money expended (often unproductively), but for which some productive property stands pledged. They may, therefore, be considered as part-ownerships in the property so burdened. Some, as mortgages and government stock, have a claim for a definite return which is prior to that of all other owners. Some, as canal and company shares and bank stock, are subject to similar fluctuations in value as the capital embarked in private concerns.

Property of this kind, consisting in money obligations, is clearly quite distinct from *capital*, though it is frequently confounded with it in common conversation. It brings interest to the owner, but is not productive as regards the community generally. It merely represents the claim of one party to a portion of the returns of the land, capital, or labour of some others. If these claims were reckoned in a calculation of the national capital, they would be counted twice over; once in the hands of those who pay the interest of the debt with which their capital is burdened, and again in the hands of the creditor who receives that interest. The national debt of England, for example, is not capital, but rather the reverse. It is a burden upon the capital and industry of the nation, which are pledged for its payment. If that debt and all other money securities were abolished to-morrow, there would be neither more nor less capital in the country than before. But the profits of capital and the wages of labour would be raised by the annihilation of a claim

upon the aggregate produce which is prior to that of the producers themselves. At the same time, the injustice of such a "sponging" process is manifest. The creditors have given, and the debtors have received, expended, and profited from what both parties considered an equivalent to the claim. The former may be looked upon as "sleeping partners" in the business, which the latter are enabled to carry on by means of the advances of capital or other necessary aid which have been made to them. And the right, therefore, of the national (or any other) creditor to his stipulated share of the national produce is as strong, and rests on the same grounds of equity, as that of the land-owner, the capitalist, and the labourer to their stipulated portions of whatever they have voluntarily combined to produce.

3. But, instead of moneyed securities, A. may prefer to invest his thousand pounds in some productive business; in supplying, or aiding the supply of some market with goods. He may do this as a "sleeping partner;" in which case he will expect only to make a profit on his capital little greater than the current interest of money, after allowing for all the risks to which the business in which it is embarked is exposed. Or he may engage personally in the business; in which case, besides this profit on his capital, he will expect to gain a remuneration for his labour. Perhaps he will *speculate*, as it is called, in goods—buying one day, when he considers the prices low and likely to rise, to sell again after an interval—or, as a *wholesale dealer*, he will purchase of the grower, or manufacturer, or importer of an article, and sell to the

retail dealers—or, as a *retail dealer* purchasing of the wholesale dealer, he will sell to the *consumers* in such quantities as are required for immediate use. In every case he acts with a view to profit, by selling for more money than he gives ; and this profit must, on the average, be sufficient to pay him interest on his capital during the time it is employed ; to repay, moreover, his personal trouble and skill, as well as all expenses incurred between the purchase and sale, as carriage, shop and warehouse rent, taxes, &c. ; and likewise to cover the risk which he takes upon himself of damage to his goods while they remain with him, and of a fall in the market-prices. It is evident that, to cover all these items, a very considerable per centage of gross annual profit on his capital must usually be necessary. In such engagements, however, the capital is seldom long in being realized, or turned again into money. Most capitalists of this class, which comprehends all merchants, wholesale dealers, and shopkeepers, *turn* their capitals more than once, often several times, in the year. So that, as already remarked, a small profit on the price of each article sold may afford a very large annual profit on the capital employed.

4. Perhaps it may suit the views of A. to expend his capital in the acquisition of the skill and knowledge, or *ability*, requisite for some *professional* business ; in studying the law, for instance, or medicine, or surgery, or divinity, or commerce, and fitting himself for the practice of one of these professions. These are modes of investing capital subject to much risk, not the least of which is that of death or sickness, by which the value of the ac-

quired ability may be annihilated at once. But in proportion to the number of blanks is the greatness of the prizes, so that there is never any want of competition in such occupations. Capital so expended in the acquisition of personal qualifications or advantages, loses its name, and assumes that of ability. Its returns can no longer be properly called profit, but wages, salary, or professional gains.

5. Or A. may prefer to invest his thousand pounds in the purchase of *land*. This is generally reckoned the most permanent and secure of all investments, as being less exposed to loss by commercial or political convulsions; and it consequently returns, on the average, a less interest than any other. But it has its disadvantages, particularly in the difficulty of finding a purchaser for land at any time when its owner wishes to sell, owing to the variety of tastes respecting situation, residence, &c.

When A. has purchased land, he may either let it to those who will pay him, in the shape of rent, the interest on the capital he has so invested; or he may cultivate it himself, for which purpose he will require an additional capital.

6. Let us suppose that, instead of purchasing, he employs his capital in cultivating, or, as it is called, "hiring" land. For this he must lay out a part in the purchase of tools and implements of husbandry, called *dead stock*; part in cattle, sheep, pigs, horses, &c., or *live stock*; and part he will keep by him in the shape of money, with which to pay the wages of his labourers and other current expenses. He now looks for his profit and per-

sonal remuneration to the surplus of the sum for which he sells the annual produce of his farm, beyond what is necessary to pay his *rent*, and maintain his capital at its full former value; in other words, to compensate for the wear and tear of his dead, and to replace his live stock, and, moreover, to cover his average risk of loss from casualties, bad seasons, &c. His rent will be a matter of agreement between himself and the landlord before he enters on his occupation. But he will not be likely to agree to pay *more* than what will, according to the best calculation he can make at the time of the probable produce of the farm, leave him a decent maintenance in return for his own exertions, and a net profit on his capital equal to the ordinary rate which he could have obtained in other lines of business or moneyed investments. Nor, on the other hand, is the owner of the farm likely to let it for *less* than such a rent, which it is evident he could make for himself by cultivating it on his own account, either personally or through an honest agent. For these reasons, the average rent of land equals, and may be said to consist of, that surplus of its average annual produce which remains after replacing the capital required to cultivate it, and paying the current profit upon that capital, and the current remuneration of farming labour.

If A. rent his farm at the *will* of his landlord, *i. e.*, from year to year, he will usually take care to expend no more upon his land every year than what he can get off it within the year. But if he rent on a *lease* for a term of years, or occupy his own land—or, in some rare cases of confidence in

his landlord, even when occupying as tenant at will only—he will probably lay out some of his capital in durable improvements of his farm ; for example, in draining wet lands, clearing fresh soil, adding to the farm-buildings, or in such a system of manuring and cultivation as can only be expected to repay the outlay within a period of some years.

That part of his capital which he expends in this manner is fixed to the soil, and cannot, like his moveable stock, live and dead, be realized by *sale*. He can only expect to get it back by degrees, in the form of an increased annual produce from his farm ; which increase, if the improvement be of a *permanent nature*, assumes thenceforward the character of *rent*, and, upon the termination of the lease, accrues to the landlord in an increase of his rent. If the improvement is fitted only to last a certain term of years, as the lime-manuring of land, temporary farm-buildings, and improved rotations of crops, the increased return must be sufficient to replace the capital expended at the end of the term, and pay the usual profit, or the farmer will not be induced to lay out his capital in effecting it. Capital expended in the latter way is precisely on the footing of that laid out in perishable implements or dead stock, except in the circumstance of its not being removeable. And a hundred pounds laid out in implements which may be expected to last ten years, ought to bring in the same gross return as a hundred pounds laid out in manuring a field in a mode of which the effect may be expected to last the same time.

It is clear that lasting improvements on land cannot be expected from farmers who have no

leases ; and hence, where tenancy at will prevails, as it does at present over the greater part of England, the repairs, as well as all permanent improvements, have to be undertaken by the landlord, if at all. It is more than doubtful whether, under such a system, the land is cultivated so well, or rendered so productive, as under a system of leases. But the uncertain prices of late years have naturally indisposed landlords to put their land out of their own disposal for a long term ; during which, if prices rise, the tenant reaps the entire benefit ; whereas, if they fall, the landlord finds himself obliged to remit the stipulated rent, lest his tenant ruin his farm by a deficiency of capital for its proper cultivation. Hence leases, in times of great fluctuation in the prices of agricultural produce, are a protection to the tenant, but not to the landlord.

7. Should A. prefer the business of a *manufacturer*, he, perhaps, lays out a part of his capital in buildings and machinery, fixed, more or less, to the soil, like some of those in the case last considered. Another part of his capital is employed in the occasional purchase of raw material, tools, &c., and another in the frequent payment of the wages of his workmen. Or he may *rent* the buildings, machinery, &c., and employ his whole capital in the latter forms. His returns must in this case, as in that of the farmer, be sufficient, besides recompensing his own trouble and skill, to replace his floating capital—that, namely (as already explained), which circulates within the year—with the ordinary rate of profit ; to replace his fixed or more durable capital at the end of the term

which it is calculated to last, with the same profit ; and, moreover, to cover all the risks peculiar to the business, such as that of the article he fabricates being superseded by a change in the taste, and, consequently, in the demand of the public, or the machinery he employs by a new and superior invention. The risks of these kinds attached to manufacturing operations are (for reasons we have, in part, already given) much greater than in agriculture ; and hence the compensation or insurance against such risks must be proportionately large. It has not been uncommon, of late, for buildings and machinery, on which thousands of pounds had been expended, to fall in value in a very brief period, through changes in the demand of the market, the introduction of improved machinery,* or a general depression of trade, to little or nothing. In times of depression, indeed (such as we have seen but too often), it is not uncommon for manufacturers, rather than shut up their factories or works (which would, in that state, rapidly go to decay), to renounce the idea of getting any return from their fixed capital, and to

* "Machinery for producing any commodity in great demand seldom wears out ; new improvements, by which the same operations can be executed either more quickly or better, generally superseding it long before that period arrives : indeed, to make such an improved machine profitable, it is usually reckoned that in five years it ought to have paid itself, and in ten to be superseded by a better." "The improvement which took place not long ago in frames for making patent net was so great, that a machine in good repair, which cost 1200*l.*, sold a few years after for 60*l.* During the great speculations in that trade, the improvements succeeded each other so rapidly, that machines which had never been finished were abandoned in the hands of their makers, because new improvements had superseded their utility."—Babbage, *Economy of Manufactures*, p. 233.

work on, even under a loss upon their floating capital, in hopes of better times.

8. Persons who embark their capital in working mines, in building houses or ships, and in a variety of other productive investments, are circumstanced, in all essential points, like the farmer or manufacturer just described. A part of this capital is fixed in more or less durable objects, and ought to bring in a sufficient annual return to replace the wear and tear, and maintain the value of the capital; part is floating, or circulating within the year, in the purchase of materials and stocks of goods, and the payment of wages, taxes, rent, &c.

None of these different modes of employing capital, it is quite evident, would be undertaken if they did not hold out a fair expectation of such returns as would pay the ordinary rate of profit upon the whole capital employed for the time required for its circulation, and enable its owner to replace it at the end of that term, as well as remunerate him for his skill and trouble, according to the standard of remuneration generally expected by his class. No business would be entered upon that did not fairly promise this. And, therefore, for a market to be habitually supplied with any commodity, the necessary condition is that it sell, on an average, for a sufficient price to repay these, the elementary costs of its production.

When the supply of any goods in any market is in excess over the demand, so as to reduce their selling price below the elementary costs of production, there is said to be a *glut* of them. This glut may be partial, as when confined to one market;

in which the evil soon cures itself by a transfer of the goods to other markets, where the demand is brisker. Or it may be general with respect to the markets, but confined to a single article. This likewise is, for the most part, speedily corrected, by a portion of the producers transferring their labour and capital to some other and more profitable occupation.

But can there be a general and simultaneous glut in all the markets of a country, not of one or a few articles only, but of a large majority, or the great mass of commodities? This is a question which has been much and hotly disputed by political economists. That goods of all kinds are frequently sold below their prime cost, is but too well known to commercial men. Forced sales, caused by the bankruptcy or temporary embarrassment of the owners, are continually occurring; and a certain proportion of goods thus constantly find their way into the consumer's hands at less than cost price. In times of general embarrassment and of a scarcity of money in circulation (such as we have witnessed almost periodically for some years past), still larger quantities of goods continue to be produced and sold for some time at a continual loss to their producers. This is chiefly owing to two circumstances: 1st. The impossibility of realizing fixed capital at such times, so that those who have a large proportion of their property embarked in buildings, machinery, stock, or implements, must continue to employ it in production, though at a tremendous loss, rather than let their fixed capital lay wholly idle, and their buildings, machinery, &c., go to decay for want

of use and repairs. 2d. The very distress caused by a want of remunerative prices in some trades tends to increase their production. Workmen, in consequence of the fall in their wages by the piece, work the harder in order to obtain a higher pay by the day. And capitalists likewise, in their struggles to avoid ruin, try to make up for diminished profits by increased sales.*

All this increase of production, by adding to the glut, tends to cause a yet farther fall in prices, and to occasion farther losses to the producers. But in the economical, as in the moral and physical worlds, there are few evils that do not sooner or later work out their own cure. Even in the apparently desperate state of things we have been describing, there are elements in operation of a nature to bring about an improvement. The extraordinary cheapness of goods produced in increased quantities at a continual loss, opens their consumption to a lower and more numerous class of purchasers. They make their way into new markets, and are employed in substitution for other goods, or for purposes to which they had not previously been applied. A new and enlarged demand thus springs up; and, in the mean time, the anxiety

* Mr. T. Attwood, of England, in his Examination before the Committee of Secrecy on the Bank Charter Question in 1831, says, "Nothing is more common than for manufacturers to increase their establishments at the very time they are upon the road to ruin. In the iron trade, for example, if they have two furnaces, they will build a third, because the loss upon the two furnaces is 10s. a ton, but upon the three it will be reduced to 5s. a ton. Within the last five or six months, when the iron masters and manufacturers generally are all going to ruin, and in a state I do not like to describe, they are, many of them, enlarging their works, not to partake of profit, but to prolong the path to ruin by diminishing their general charges."—5654-5.

of the producers to diminish their expenses forces them to task their ingenuity to the utmost in the invention of new machines or processes by which a saving of cost may be effected; so that it often happens, by the time a new and enlarged demand has been established through the sacrifice of large stocks of goods at losing prices, that the producers find themselves enabled to supply this demand at these same prices with a profit. We believe the history of the silk, the iron, the glove, and the cotton trade, and perhaps of many more, within the last few years, affords decided instances of an extended beneficial demand having been thus bought by temporary sacrifices.

It is, however, strongly to be suspected that such epochs of general embarrassment and distress among the productive classes, accompanied—indeed, brought on—by a general glut or apparent excess of the stocks of all goods in market—of which excess sad experience has, of late, too frequently attested the real existence, in spite of what theory may urge as to its impossibility—it is to be suspected, we say, that such phenomena are anomalies, occasioned, not by the simple and natural laws of production, but by the force of some artificial disturbing cause. A few words will explain our meaning as far as we think it necessary to proceed in the development of this important principle in this place.

We have hitherto spoken of *price* as synonymous with value. But, in truth, this is only on the assumption, which is the basis of all commercial interchange, that money is a *true* measure of value. Unhappily, this assumption is far from well-found-

ed. Money, whether of intrinsic value, as coin, or the representative only of value, as bank-notes, is, like every other changeable commodity, liable to *vary in value* with changes in the relation of its demand and supply. Gold and silver money, freely coined, must vary in local value with every alteration (and they are very frequent) in the local supply and demand of the precious metals. Bank paper, payable on demand in coin, must vary precisely in value with the metal into which it is by law convertible at the option of its possessor. Inconvertible paper-money will vary whenever the quantity in circulation is either beyond or within the quantity which is required at the time for the exigences of commerce in the country through which the paper circulates. And as these exigences are continually fluctuating, and there exists no test by which their extent can be at any time gauged, this kind of money likewise must be frequently varying in value.

Bearing in mind this instability of value inherent in money of all kinds, we cannot fail to perceive that a general glut—that is, a general fall in the *prices* of the mass of commodities below their producing cost—is tantamount to a rise in the general exchangeable value of money; and is a proof, not of an excessive supply of goods, but of a deficient supply of money, against which the goods have to be exchanged. Suppose every article in the market to have fallen in price fifty per cent. This is no proof that any one article has fallen in *value*; that is, in general estimation as compared with the rest. Still less is it any proof that there has been

an over-production of all goods (which is, in fact, an unintelligible proposition, for how can there be *too great an abundance of all good things?* Can the desires of man ever be sated?). It is simply a proof that the value of *money* has risen one hundred per cent.

But money, being employed as the measure of value, ought itself to be essentially invariable. Hence the duty of governments, while enforcing the employment of money of any kind as a medium of exchange, to take all possible precautions against its liability to vary in value, and to guard in every way against fluctuations which tend to derange the whole course of trade, to vitiate all money contracts, and convert, as we have witnessed in late years, the triumphs of invention, the success of industry, the very abundance of produce of every description, into a source of suffering to every class of producers!

CHAPTER IX.

DISTRIBUTION OF WEALTH.

Natural and necessary Inequality of Conditions and Property.—Adventitious Advantages.—Natural Right of Succession to Property by Will or Inheritance.—Variety of Conventional Rules.—Test of their Equity.—Natural Distribution of new Wealth—among Labourers, Land-owners, and Capitalists—can be determined only by the Principle of free Exchange.—The same Principle tends to the greatest Increase of distributable Produce.—Limitation of Interference of Government to the securing of Persons and Property.

IN as far as we have hitherto traced the natural laws which determine the production of wealth, it has, we think, been apparent throughout that the conditions most favourable for its increase are general education, both moral and intellectual, and the free and secure enjoyment by every adult individual of his personal liberty, natural advantages, and acquired property; conditions which necessarily include freedom of industry and exchange, and the free use of the spontaneous bounty of Heaven.

There would have been good reason for presuming *à priori* that the general rules which tend to bring about the greatest aggregate of production are the most favourable to the interest of all consumers. For the more there is to divide, the larger, *it is probable*, will be the share of each.

But we are not left on this point to a mere balancing of probabilities. For it may be made manifest that these great and abiding principles, at the

same time that they swell the amount of wealth, tend likewise to *distribute* it in the most equitable manner among the various classes of individuals who have in any way co-operated in its production. The latter tendency is, indeed, the condition and cause of the former. The certainty of freely and fully enjoying the fruits of productive labour and ingenuity, is the most efficient stimulus to the exertion of these powers and the increase of their results. It is the main object of this work to prove, that the greatest aggregate production of wealth flows from the same plain and simple principles of natural right which ensure its most equitable distribution, and which tend at the same time to the production of the greatest aggregate of human happiness.*

We say the most *equitable* distribution. Great was the mistake of those philanthropists who have interpreted an *equitable* distribution of the good things of life to mean their *equal* distribution. No two conditions can be more incongruous than these. Any attempt to effect an equality of property among men, instead of approaching to equity, would involve the extreme of injustice; instead of being

* This is in no degree inconsistent with what was urged in an earlier chapter (p. 64), as to an increase of wealth being no measure of the increase of happiness. Wealth may, *for a time*, be increased at a great sacrifice of human happiness, as in the instances we there gave; though, *in the long run*, such sacrifices will be found to have occasioned a diminution of the aggregate productiveness, by checking the growth of population, and the improvement of the arts and sciences, which require a condition of ease, leisure, and plenty, freedom both of the physical and mental faculties, the stimulus of hope, and the prospect of an indefinite amelioration of our circumstances, for their full development.

consonant to the law of nature, such a state could only be maintained by the continual infraction of that law.

The difference naturally existing between the bodily and mental powers and dispositions of individuals, must necessarily, under the natural law of production and distribution, create great inequality in their several possessions and stations. However equal their position when they began the world, the industrious, sharp-witted, intelligent, active, energetic, ingenious, prudent, and frugal must speedily leave behind the idle, slow, stupid, careless, improvident, and extravagant. The former will acquire considerable property under circumstances in which the latter will scarcely procure a maintenance. But any attempt to counteract this, the natural law of distribution, which awards to each workman the produce of his own exertions, must proportionately check the disposition of each to avail himself of his natural capacity, or to acquire additional powers, and would, therefore, be no less impolitic than unjust.

Accidental circumstances add, no doubt, to this natural and necessary inequality of conditions. Yet would it not be safe or right to interfere with their influence, since it is almost impossible to separate the advantages that an individual derives by accident from those which are the consequence of foresight and enterprise. A man's property may certainly be improved by accident ; as, for example, by the discovery of a productive vein of metal or coal, or a valuable quarry on his estate. But who is to determine whether his discovery was not in a great degree, perhaps wholly, the result of

laborious study and research? Were the right of property denied or interfered with in such things as *appeared* to derive a value from accident, it is obvious that much of the ingenuity and enterprise, which form one of the mainsprings of economical improvement, would be deadened by the uncertainty of obtaining their reward.

It has been proposed, as an exceedingly just mode of raising a national revenue, that the revenue from land should be directly taxed; or, at least, that portion of it which is the result of *accidents of position*. The same objection (and it is a very strong one) applies to this proposal. It is very true that the value of a landed estate sometimes rises enormously without any evident exertions on the part of its proprietor, but in consequence either of its fortuitous proximity to a flourishing manufacturing or commercial town; or of a new canal or railroad being carried through it; or of its soil or situation being found peculiarly adapted to the growth of some valuable products. But is it certain that the proprietor of land under such circumstances is wholly passive, and takes no part in promoting and encouraging the improvement which is likely to confer on him so special a benefit? We do not dispute that, in the case of growing towns, it is the duty of every government, acting for the interests of the public, to make an early and sufficient reservation of tracts of land in their immediate neighbourhood, to be applied to purposes of public health and convenience. But farther interference, even in such an extreme case, would probably be deleterious. In the improvement and extension of towns, in the construction of new canals,

railroads, and turnpike roads, it is usual to see the proprietors of land, whose interests are likely to be advanced by such measures, take a very prominent part; and any tax upon the increased rents derived from such general improvements would be certain to delay and discourage their execution.

Of the causes of inequality in the economical condition of men, there are none more strikingly obvious, or more frequently declaimed against as artificial and unjust, than the laws of inheritance and succession to property.

In speaking of the natural right to property as founded on the labour by which it is appropriated, we purposely deferred the consideration of the question as to the *transfer* of the right on the decease of the individual labourer. It would clearly be quite contrary to the interests of society, that property, on the death of its owner, should cease to belong to any one; since this could not fail to renew all the dangerous personal struggles and ceaseless contentions which it is the object of the primary institutions of society to prevent. It is equally evident that, since the perfect and complete ownership of property, necessary, as we have seen, to stimulate its production, includes the power of freely disposing of it *by sale, loan, or gift*, in any manner the owner pleases, it *must*, in reason, include the power of disposing of it after death. For a denial of that power, or any serious restraint upon it, would be easily evaded by disposing of the property by gift or sale during life, instead of by testamentary bequest. The liberty to appoint a successor to property after death is therefore part and parcel of the natural right to its ownership and

free disposal, and cannot be reasonably or safely separated from it. That it has ever been so considered by the unprejudiced sentiments of mankind is shown by the almost universal prevalence, through every age and nation, of a law or custom, giving a dying person the power of disposing of his property by will.

In the absence of testamentary disposition, the natural rule is clearly *inheritance*; that is to say, that the property devolve on the children, or, in default, on the nearest relatives of the deceased owner, upon the reasonable presumption that, if he had not neglected to make a will, or had not been prevented from doing so by casualty, he would have disposed of his property in that manner.* The necessity is very obvious, that the rules of inheritance or succession should be strictly laid down by law, in order to prevent that confusion which any doubt as to ownership must occasion.

The rules established on this ground in different

* Blackstone calls "the permanent right to property," as well as that of children to the inheritance of their parents, "not a *natutal*, but a *civil* right." His learned commentator, Professor Christian, justly corrects this error. "The notion," he says, "of property is universal, and is suggested to the mind of man by reason and nature, prior to all positive institutions. If the laws of the land were suspended, we should be under the same moral obligation to refrain from invading each other's property as from attacking each other's persons." Again: "The affection of parents towards their children is the most powerful and universal principle which nature has implanted in the human breast; and it cannot be conceived, even in the savage state, that any one is so destitute of affection and of reason as not to revolt at the position that a stranger has as good a right as his children to the property a of deceased parent. *Hæredes successoresque sui liberi* seems not to have been confined to the woods of Germany, but to be one of the first laws of the code of Nature."—*Blackstone*, vol. ii., p. 11.

countries have varied greatly ; and all these varieties cannot be equally accordant with natural right, that is, with the permanent interests of society. Some, indeed, are manifestly impolitic, from interfering too much with the natural laws of distribution, and with that free disposal of the products of industry which is so essential to its encouragement. Others err in the opposite sense, by permitting the owner of landed property to determine its descent not merely to an immediate successor, but to an endless succession, through continued generations.* To confer such a power on any individual is evidently unjustifiable. Property, landed property especially, requires continual protection, repairs, and expensive management. The land-owner who, during a long occupation, has, at much pains and cost to himself, preserved or increased the value of his estate, has earned as equitable a right to dispose of it at his death as any of its former possessors, even as he who may have originally rescued it from a state of waste. To deny him this power is to lessen his interest in doing justice to his property. It is, in fact, acting in opposition to the very principle which sanctions the establishment of a right at all to property in land—the expediency of encouraging its improvement. There are many other strong grounds of objection, both political and moral, to endless entails ; perhaps to any kind of entail, and also to the right of primogeniture ;

* The law of France may be instanced, perhaps, as an example of the first error, that of Scotland of the last. By the present French law, a parent is *obliged* to divide his property equally among his children, except that, having made as many shares as there are children, he may give *two* of these shares to a favourite or deserving one.

but we forbear to dwell on them, as likely to lead us too far from our subject. It is sufficient to have shown that their tendency is opposed to the very principle on which the right to property in land is founded. The true course which legislation should endeavour to steer is to afford to individuals such power of disposition over their property as may encourage them to preserve and improve it, and, at the same time, to discourage, if not prevent, the tying up in mortmain* of large properties, and the excessive accumulation of landed estates in few hands.

It is clear, from what has been said on this point, that the mode in which wealth distributes itself by the free operation of the natural laws of production necessarily occasions great inequalities of property and position among the members of every society. Under this *natural* system of distribution—which will be that of all just and wise legislation—some may possess wealth beyond what their own exertions have produced, and which has devolved to them by gift or bequest; but all who have contributed to the production of new wealth will be confirmed in the enjoyment and free disposal of whatever they have created.

Let us take a rapid survey of the different channels into which all newly-created wealth will spontaneously distribute itself.

There are, as has been shown, but three elementary sources of wealth, labour, land,† and cap-

* Property is said to be in *mortmain* (i. e., dead hands) when its possessor cannot alienate it.

† It may be proper to remark here (having omitted to do so in the proper place), that this enumeration of the elements of wealth is incomplete. Besides labour, land, and capital, there

ital; and these, in European countries, are generally owned by more or less distinct parties: whence it has become convenient, and is usual, for writers to divide the general body of those who co-operate in production and share its results into three principal classes; namely, labourers, landowners, and capitalists.* Between these parties, their joint produce naturally divides itself in the manner and according to the laws we have already in part noticed, under the name of the *wages of labour*, the *rent of land*, and the *profit of capital*; and the share of each class constitutes its income or revenue.

This general classification is useful, as facilitating the analysis of the phenomena of society. It is obvious, however, that the three classes are by no means nicely distinguishable. On the contrary, there are many individuals who partake, more or less, of two, and some of all three, characters. The labourer, for instance, in this and some other countries, is often the owner of the land he cultivates, as well as of the tools, live stock, and other small capital with which his labour is aided. In this case, his wages, profit, and rent will be mixed together so as to be indistinguishable. Few labourers, in any country, are without some little capital

is another and a very large source of wealth noticed in a preceding chapter, viz., the exclusive possession of instruments and processes, of extraordinary skill, powerful connexions, &c. As these owe their origin in many instances to nature or accident, they are analogous to *land*; and hence, instead of making land one of the *principal* elements of wealth, it should rather have been considered as a *species*, of which all these natural and adventitious advantages would have formed the *genus*.—See, on this subject, Mr. Senior, in Whately's Logic, p. 320.—*Ed.*

* It is a happy thing for the American people that this separation, so fruitful in jealousy and strife, has not yet become prevalent among them.

in the tools of their craft. Again, the owners of considerable capital are, for the most part, labourers. Merchants, manufacturers, wholesale and retail traders, and ship-owners, personally superintend the employment of their capital; and the remuneration of their labour, as we have before seen, is vulgarly included in the gross profit of their capital, under the term living profits. A man of superior abilities or experience will often employ his capital in such a way as to bring in twice as large a return as that cleared by his duller neighbour; and it would be no less difficult than unnecessary to determine whether this is to be reckoned increased profit or wages.

The class of landowners is, in England, rather more broadly distinguished from the others, though not a few, as has just been said, cultivate their land by their own skill and industry, as well as with their own capital. Even the great body of wealthy land-owners of that country, though not personally engaged in the business of cultivation, are in the habit of expending much capital on their estates, in erecting and keeping up fences, drains, roads, farm-buildings, &c., the cost of which is usually defrayed by the landlord. Capital, however, so expended, as has been already explained, becomes no longer distinguishable from land, and its return merges in rent.

The proprietors of canal, bank, and joint-stock company shares, as well as all of what are called sleeping partners, from their not being personally engaged in business, are pure capitalists; their income being solely derived from the net profit or interest of their capital.

Mortgagees, pensioners, proprietors of government stock, and other owners of fixed money incomes, form a class apart from any of the three which we have been considering. They are simply creditors, and can scarcely be called capitalists in any accurate classification of the owners of wealth. Their property is not capital until it be *realized* : it is merely a *debt* secured by law upon the land, capital, or labour in the ownership of other parties.

In whatever proportions the several classes of labourers, capitalists, and land-owners contribute their quota to the production of wealth, in that proportion have they clearly an equitable title to share it. But by whom and by what rule is it to be determined in what proportion any of the parties concerned have contributed towards the production of any portion of wealth ? No after-analysis, however laboured, could pretend to discover, with any accuracy, the relative amount of these various contributions. No tribunal that could be established would decide the point so as to satisfy all the parties of the correctness of its verdict. There exists no test, no common measure of the relative value of labour, land, and capital, independent of the estimation of their owners. This *can* be ascertained only *at the time* the contributions are made or arranged, and by *no other judges* than the interested parties themselves, and by *no other means* than their voluntary settlement of terms with one another ; in short, only by previous bargain or contract *inter se*.

In one word, the principle of *free exchange* can alone bring about a fair adjustment of their rel.

ative claims on their joint produce. Take, for illustration, the simplest case : Suppose A. a labourer, to have raised a hundred bushels of wheat by cultivating the land of B., C. having advanced him on loan the necessary implements, and D. the food on which he subsisted while at work. What possible guide can there be to the determination of the equitable share of A., B., C., and D. respectively in the value of the wheat, except the terms which they shall freely have agreed upon with each other at the commencement of the undertaking ? And if this be true in the simplest cases, it is equally true of the more complicated ; which it would be still more impracticable for any foreign party to adjudicate.

Custom will, indeed, establish a sort of standard by which these questions may be determined, in the absence of previous agreement : as, if a master hire a labourer without specifying the wages he intends giving, those ordinarily given for labour of that class by the custom of the country will be understood by both parties ; and custom will, in the same manner, determine the fair rent of land of a certain quality, and the fair interest of money. But the custom itself consists only of the average of the free and voluntary agreement of parties similarly circumstanced through the neighbourhood. Any attempt to tie down such agreements *generally*, as by a law, establishing either a *minimum* or a *maximum* of wages, interest, or rent, destroys the only criterion of their just amount, and substitutes a blind and arbitrary power, without any possible clew to guide it to a correct decision.

While the principle of free exchange of property

and services can alone be depended on for securing an equitable distribution of wealth among the several classes who contribute to its production, such free exchange is equally indispensable to the encouragement of all in the work of production, and, consequently, to the increase of the aggregate produce to be distributed.

If, for example, the *owner of land* were in any way restricted from freely disposing of his land to his greatest advantage—as by letting it out to farm to the highest bidder, or in portions of such size as he finds most profitable—he would have the less inducement to employ it, or allow it to be employed, in production. He might, by such restrictions, be induced to prefer keeping it in a state comparatively unproductive and unserviceable to society. If he continued to cultivate it, he would be less likely to make any sacrifice for its improvement, by expending a portion of his rents in drainage, buildings, planting, or other endeavours to increase its productiveness. The same consequences would follow if, on the other hand, he were restrained by a tax or penalty from laying out any part of his domain in park or pleasure-ground, according to his taste. He would be less likely to purchase or reside upon an estate; and its general productiveness would probably, in the long run, be diminished rather than increased by such restriction.

Again, in whatever degree the *capitalist* may be interfered with in the free disposal of his property to his greatest advantage (as is practically done, to a great extent, throughout most European states, by vexatious and embarrassing regulations, municipal and general, respecting the production, or re-

moval from place to place, of particular commodities, and as has been proposed in England by those who would have the law dictate to farmers what number of labourers they should employ, and how they should cultivate their farms), in that degree will he be less desirous of accumulating capital, less eager to discover and avail himself of openings for its profitable employment, and less capable of making a profit upon it ; he will be less productive and less economical, and, consequently, a less useful member of society.

And the *labourer*, in his turn, unless left free to make the best bargain he can with his employer, and to carry his labour to the best market, wherever it may be ; if interfered with by regulations confining him to particular occupations or particular places in which to exercise his industry, will never fully put forth his energies ; but, in proportion to the restraint he suffers, will assume more or less of the sulky, idle, careless, and revengeful character of the *slave* ; will feel himself injured and ill-treated ; at all events, wanting one of the essential conditions of industry—freedom of choice in its direction—will be less productive, as well as less happy. Attempts to regulate wages, whether by fixing maxima or minima, or to regulate employment by dividing society into *castes*, each confined to an exclusive occupation, as well as the ancient municipal regulations with regard to apprenticeships, servitude, &c., appear to have always produced the effect of damping the exertions of the labourers, and diminishing their productiveness.*

* The author refers here to certain absurd and oppressive regulations which formerly prevailed in Europe in regard to the

Interference of any kind, in short, in the spontaneous direction of industry, and the free employment by their owners (subject, of course, to moral law) of the great agents in production, labour, land, and capital, has the certain effect of benumbing their powers and lessening the sum of production, and, consequently, the shares of the producing parties, as well as of needlessly, and, therefore, unjustly curtailing their freedom of action.

The only interference allowable is that which can be shown to be indispensable for the great object of securing the persons and property of every class, and of giving a wise direction to their productive energies. The law need, and ought to do no more. This comprehends the sum and substance of all the duties of a government with respect to wealth. Subject, therefore, to this condition, and to this only, perfect liberty in the voluntary exchange of the property and services of individuals is the only means of giving full play to the development of their productiveness, and of increasing, to their utmost extent, the amount of their several shares. Such liberty is, on this ground, the absolute right of every member of society.

wages and distribution of labour. By one law, the precise amount which was to be paid the labourer per day, as well as his diet and clothing, were prescribed. By another, justices of peace were empowered to *fix the price of labour* every Easter and Michaelmas by proclamation. By a third, the removal of servants or artisans from one place to another was prohibited. So the number of persons who could pursue a particular trade in any town was fixed, and no one could offer his services as a journeyman, much less as a master, unless he had served a regular apprenticeship, and been licensed by the *guild* or trade corporation. These restrictions will be noticed more particularly hereafter, when we come to the subject of Trades' Unions.—*Ed.*

The limitation introduced includes, of course, all such appropriations of private property, and such directions of private action by the government, as are necessary for securing the persons and property of all, as well as those measures which seem necessary to protect and encourage native labour and capital in their unequal competition with those of a foreign land. Of this nature are the taxes imposed by law for the support of government, the land and other property taken from individuals in laying out roads and canals, and the duties imposed by a government for protecting the industry of its own citizens. The extent to which these powers ought to be exercised will be the subject of discussion in a future volume.

CHAPTER X.

PRODUCTIVE INTERESTS.

Agriculture.—Manufactures.—Commerce.—Progress, Subdivisions, and Utility of each.—Their community of Interest, and equal Importance.—Preference awarded to Agriculture, owing to the unnatural existing relations of Population and Subsistence.

THE various branches of industry into which the business of production resolves itself in a civilized and highly advanced community, are nearly infinite in number. They are ordinarily classed, however, for more easy consideration, into three great departments, or, as they are called, "*interests*," viz., the agricultural, the manufacturing, and the commercial or trading interest.

1. The *Agricultural* interest includes all whose land, capital, or labour is employed in the growth of food and the raw materials of manufacture. The history of agriculture is a subject of great interest, for which, however, we must refer our readers to the works especially devoted to this subject. Of all arts, it is perhaps that in which the least improvement has been made in the course of the historical ages, notwithstanding its pre-eminent utility. Still its progress has been considerable, especially within the last half century, during which time, owing to the adoption of turnip-husbandry, the rotation of crops, the substitution of green crops for fallows, and the great extension of sheep-farming, the produce of superior soils has been more than doubled, and large crops raised off thousands of acres of poor land which previously would bear nothing to repay their cultivation.

A field is here still open for improvements, to which no probable limit can be assigned. The science of agricultural chymistry is yet in its infancy. Its farther progress will, no doubt, enable us greatly to multiply the produce of a limited tract, and, perhaps, to bring the most barren surfaces into profitable cultivation. Even now, a deficiency of manure is almost the only check to the productiveness of any soils, and yet one of the most copious sources of supply of the most valuable of all manures—the sewerage of great towns—is almost wholly neglected. By taking the necessary steps for securing and applying this, a great start might probably be given to the agriculture of densely-peopled countries.*

* See Mr. J. Martin's Plan for Purifying the Air and Water of the Metropolis, London, 1833

2. It is the business of *Manufacturers* to work up for use the raw materials raised at home by the preceding class, or imported from abroad ; giving them the shape of clothing, houses, household furniture, machinery, tools, and a variety of conveniences and ornaments. They comprehend numerous branches ; such as the iron, the woollen, the cotton, the silk, the leather, the stocking, the glove, the hat, the carpet, the lace, and the soap trades, the house and ship builders, cabinet-makers, gold and silver smiths, watch-makers, brass ornament makers, cutlers, printers and publishers, engineers, &c. ; and each of these separate trades is subdivided into many distinct avocations. There are many to whom the term manufacturers is not ordinarily applied, who would yet be reckoned as such in any general classification of the entire body of producers : such are tailors, shoemakers, carpenters, joiners, smiths, plasterers, bakers, maltsters, curriers, &c., with the entire class of artisans employed in these several trades.*

The economical history of manufactures is a subject of very considerable interest to the student of political economy, but would, if fully gone into, occupy a much larger space than can be afforded to it in this little volume.

The division of labour which takes place in a

* The term manufacture is usually applied only to establishments on a large scale ; and those who produce the same article on a small scale are called makers rather than manufacturers ; but in a scientific treatise, and when employed to designate a class of operations in contradistinction to agriculture, the term must be extended, so as to embrace all those occupations by which the raw productions of the earth are worked up into objects of use or ornament, whether by the labour of one individual or of many.

very rude state of society must, even in the infancy of every nation, have effected a certain separation between the classes who occupy themselves in tilling the soil and gathering its crops, and those who are engaged in working up these crops or the other raw products of the earth, and fitting them for general use, in the form of tools, raiment, ornaments, houses, furniture, &c.

A farther subdivision of this class of industrious occupations among different trades or crafts, each giving employment to distinct ranks of artificers, seems likewise to have taken place at a very early period in the history of art. The goldsmiths, the jewellers, the workers in iron, in brass, in wood, in stone, in pottery, in woollen, and in linen; the shoemakers, the tailors, the carpenters, the plasterers, and the masons, are spoken of in the Jewish Scriptures and other early records, and appear to have followed exclusively their several avocations from the first dawn of civilization. A common professional education, a common interest in the advancement of their art, and a desire, by combination and monopoly, to exclude competition and obtain a higher return for their labour, seem, in most countries, to have occasioned the union of the artisans following any one of these several trades into a fraternity, sometimes sanctioned by charters, like the guilds of the European states. Some of these fraternities unquestionably attained a very high excellence in their particular departments of industry. The association of freemasons, to whose migratory labours it is generally supposed that we are indebted for nearly all the rich and beautiful ecclesiastical and domestic edifices which were

reared through Europe during the eleventh and five succeeding centuries, evinced a purity of taste and fertility of conception in architectural design, as well as a power of execution, which the builders of modern times have vainly attempted to rival. Nothing can exceed the workmanship of the armorers, or of the goldsmiths and jewellers, of the fifteenth century ; and carving in both wood and stone was carried, about the same time, nearly to equal perfection. The gorgeous silks and velvets of the same period probably could not be imitated by any artisans in the present day ; and tapestries and other productions of the loom were then wrought with an excellence which has never been surpassed. The art of staining glass may be mentioned as another in which modern artists are decidedly inferior to those which preceded them some centuries back.

On the whole, however, manufacturing industry has of late years accomplished an extraordinary advance in its productive capacities, and in its importance as compared with agriculture. In former ages, every village probably had, as now, its inferior handicraftsmen—its smith, mason, carpenter, tailor, and shoemaker ; while the more important branches of industry were carried on in towns, in which the manufacturers of valuable goods clustered together, for the purpose of mutual protection against the tyranny of the great and little robbers of those unsettled times, or along such streams as afforded the necessary aid of water-power. But, though the articles of clothing and ornament which ministered to the luxuries of the wealthy were fabricated by artisans of this description, the more

homely wants of the humbler classes were still chiefly supplied by the exercise of their own rude industry. The coarse clothing of the greater proportion of the people, woollens as well as linens, were, till within a very recent period, both spun and wove, or knitted at home by the wives and children of the agricultural labourers. Many objects of ornament and convenience were made in the same simple manner by the farmer and his family. It is chiefly within the last fifty years, and since the introduction of the steam-engine, powerloom, and cotton-gin, that manufacturing industry has so developed itself as to work a great and striking change in the habits, the manners, the relations, and the employments of our population. The number of persons at present engaged in the various branches of manufacture in Great Britain nearly equals that of the persons employed in agriculture.* In that country they are, for the most

* ANALYSIS OF OCCUPATIONS IN GREAT BRITAIN.

(From Marshall's *Statistics of the British Empire*.)

DESCRIPTION.	Number of Families.		Persons.
	1821.	1831.	1831.
1. Agricultural occupiers . . .	250,000	250,000	1,500,000
2. Agricultural labourers . . .	728,956	800,000	4,800,000
3. Mining labourers	110,000	120,000	600,000
4. Millers, bakers, butchers . .	160,000	180,000	900,000
5. Artificers, builders, &c. . .	200,000	230,000	650,000
6. Manufacturers	340,000	400,000	2,400,000
7. Tailors, shoemakers, hatters .	150,000	180,000	1,080,000
8. Shopkeepers	310,239	359,000	2,100,000
9. Seamen and soldiers	319,300	277,017	831,000
10. Clerical, legal, and medical classes	80,000	90,000	450,000
11. Disabled paupers	100,000	110,000	110,000
12. Proprietors and annuitants .	192,888	316,487	1,116,398
Totals	2,941,383	3,303,504	16,537,398

part, concentrated in large and populous towns, many of which have grown up with astonishing rapidity upon those points where coal and iron mines, water-carriage, or other facilities are found for the fabrication of any peculiar commodity. The existence of this portion of society is closely connected with the very variable condition of manufactures; and when war, impolitic restrictions on commerce, changes of taste and fashion, improvements in machinery, or any of the other casualties to which such trades are exposed, occasion a stagnation in the demand for their labour, large bodies of men are liable to be thrown out of work, and placed, for a time, in a state of suffering and idleness, which, in the absence of wise precautionary arrangements, cannot but threaten great danger to the public peace. On the other hand, the agricultural part of the population, while in many respects greatly benefited by manufactures, has also suffered from the failure of those occupations which were formerly subsidiary to their principal one, and which afforded them the means of profitably employing every idle hour, and nearly every member of their families, male or female, young or old. The loss of the minor domestic manufactures, for-

From this table it appears that the agricultural and mining classes compose about 7-17ths of the whole population; the manufacturing class 5-17ths; the commercial class 2-17ths; the professional class, including the army and navy, and the non-producing class of proprietors and paupers, making up, in nearly equal moieties, the remaining 3-17ths. The decennial censuses that have been taken since the commencement of the present century show the great change that has taken place in the employment of the people. In 1801, nearly one half the entire population of England was engaged in agriculture. In 1831 the proportion had fallen to about one third.

merly carried on by the agricultural labourer, forms an offset to the benefit he derives from the increased demand which has been created for his products by the growth of manufactures, and from the diminished price at which he can now purchase many of the necessities and comforts of life. These evils, to which the vast, and, we believe, on the whole, beneficial progress made by our manufacturing system has unquestionably exposed us, it remains for the government, and for private individuals and societies to mitigate, so far as is practicable. This is to be done in part by such arrangements as are fitted to encourage and facilitate the free migration of labour and the free exchange of its produce, but yet more by strenuous and well-directed efforts to improve the intellectual and moral condition of the labourers.*

3. The *Commercial* class consists of persons whose business it is to facilitate the operations both of the agriculturists and manufacturers, by supplying them with what articles they require, and taking of them what they have to dispose of. They are the agents in all the manifold exchanges that are going on between the different classes of

* The picture drawn by Dr. Kay (in a valuable tract of his) of the moral and physical condition of the working classes employed in the cotton manufacture in Manchester, together with the facts brought to light by the Committees of the House of Commons on the employment of children in factories, add some frightful features to the character of the English manufacturing system; so frightful that they might lead us to regret that it was ever introduced, if we were not certain that these horrors are by no means the necessary result of the system, but chiefly of the difficulties brought on by unwise legislation, and, above all, by the sad neglect in that country, for many years, of proper efforts for the religious instruction and general welfare of the labouring classes.

producers and consumers ; conveying goods of all kinds from place to place, so as to equalize the supply with the demand ; purchasing whatever is to be sold, and selling whatever is required to be bought. Commerce divides itself, first, into the *foreign*, and internal or *home* trade ; and the latter, into the *wholesale* and *retail* trades. These again branch out into almost numberless subdivisions, characterized by the nature of the article dealt in, or the particular line of business carried on.

There are several other classes, which do not seem to be easily referrible to any of the three principal heads ; as the persons engaged in mining and quarrying, in the fisheries, &c.

All these multiform subdivisions of employment are wholly spontaneous, the offspring of no pre-concerted arrangements of the statesman or the legislator, but springing from that ever-active and inquisitive spirit of enterprise and ardour for gain, by which individuals are urged to seize every opening for the employment of their ability or capital that promises remuneration. The result is incalculably beneficial to society, by reducing the cost and improving the quality of all that it consumes. If any saving can possibly be made in the cost of producing any article by a subdivision of the necessary operations, it is immediately effected by the agency of this searching spirit ; and the competition of producers is sure very shortly to secure all the benefit of the saving to the public at large, in a proportionately reduced price of the article.

The vast utility, for example, of the wholesale and retail dealers, who adjust the supply of com-

modities of all kinds with the utmost precision to the demand, is obvious on the slightest consideration. Acting under the influence of self-interest, and with a view principally to his own profit, each, knowing the probable wants of his peculiar market, is strongly interested in selling as much as he possibly can, and yet equally interested in causing nothing to be wasted through its remaining unsold. Each striving to carry away the custom of his rivals, by tempting the public with newer, better, more varied, or more alluring articles at the lowest price, they effect collectively the distribution of the whole wealth of society in the most economical and most convenient manner possible. And yet, because they make a profit on what they sell, that is, get paid for their labour and the time during which their capital lies locked up in goods, and the risk it runs of damage, and for their shop and warehouse rents; because they charge a profit on their sales sufficient to cover these necessary expenses (and that it is barely sufficient for this end their mutual competition secures), they are described by Mr. Owen and his followers as sucking the marrow of the poor labourers, and interfering hurtfully between the producer and consumer, to *raise* the cost of all things to the latter. Mr. Owen has of late put his theory to the test of practice, by endeavouring to dispense with these intermediate parties, and to bring producers and consumers into contact with each other. By this time, therefore, it is perhaps tolerably clear to such of his disciples as retain the power of discrimination, which system is the more economical of the two; that which, if pursued to its necessary

consequences, would force every labourer to produce for himself almost everything he needs, and send us back to the caves and woods of our acorn-eating ancestors, or that which *has* carried us forward from those wilds and caves to the high pitch of civilization and refinement which, by the blessing of Heaven, has been attained. With respect to Mr. Owen's clumsy contrivance of labour-notes and a labour exchange, by which the barbarizing tendency of his principle is meant to be concealed, it is evidently but a bank connected with a large wholesale warehouse ; in which the arbitrary valuation of a salaried clerk regulates the terms of each sale and purchase, instead of the unerring principles of competition among the sellers and self-interest in the buyers. The scheme of labour-notes, moreover, is founded on the erroneous notion that labour is the just and true measure of value. But can any plan be more likely to discourage ingenuity, industry, and the acquisition of skill, than one which determines the reward of each man's labour, not by the intensity of his application or the amount of its produce, but by its *duration* ; thus giving to a slow, careless, and indolent labourer the same pay as to an active, ingenious, and energetic one ?

The whole system of society, as at present constituted, is ONE GREAT LABOUR EXCHANGE, in which the services of individuals are bartered by voluntary and mutual agreement. The progress of knowledge has suggested a variety of subdivisions, not only of the labour by which commodities are produced, but likewise of the labour required for exchanging them. An attempt to get

rid of these intermediate parties to the exchanges of labour would put a stop to by far the greater proportion of exchanges, which could not, by possibility, be conducted between the principals, and thus it would render their labour itself valueless. Could the coal-miner of Newcastle *directly* exchange the produce of his labour with the corn-grower of Lincolnshire, the cheese-maker of Gloucestershire, or the cloth-weaver of Yorkshire? And if there must be intermediate parties to carry on these and similar exchanges, experience and reason prove that they will be conducted more cheaply and effectually by the competition of private speculators, than by any organized contrivance for this purpose that the ingenuity of man could frame. The idea of these visionaries is, that the *profit* made by the intermediate parties would be saved to the principals. But, in order to a profit, there must be a capital. If the producers of commodities are possessed of capital, they will get as high a profit on its employment in the business of production as the other parties get in the business of exchange. If they have no capital, they can certainly divide no profit, under any possible contrivance.

The vast utility of the class of retail dealers, who are the *immediate* distributors of the principal articles of consumption, must be apparent to every one. Not less useful and important to society, in its peculiar functions, is the class of wholesale dealers or *merchants*; who are the primary agents in the exchanges that take place between producers who live at a distance from each other, in different districts, countries, or perhaps climates, and the

general carriers of goods from place to place throughout the world.

The advantages of *commerce*, that is, of an interchange, between the inhabitants of different places, of the goods which their peculiar circumstances of skill, position, soil, minerals, or climate enable them to produce with the greatest facility, need hardly, in this age and country, be dwelt upon. It is the division of labour on a large scale, and applied to districts instead of individuals. Nature has suggested this territorial division of labour even more obviously than the personal. One district, for example, possesses rich alluvial plains, fitted for growing grain; the soil of another is more favourable for grazing cattle; that of a third for pasturing sheep; a fourth offers a bleak and bare surface, but is fertile in mineral wealth—in coal, perhaps, and iron; a fifth is covered with timber, and a sixth is washed by a sea abounding in fish. It must be impossible for the inhabitants of these several districts to have any continued intercourse without perceiving the great mutual advantages they have it in their power to secure, by applying themselves exclusively to the production of those commodities for which nature has adapted their district, and exchanging them with each other. Whether the several places between which such commerce is carried on happen to be connected under the same government or not, ought evidently to make no difference in the amount of mutual benefit each derives from the intercourse. The exchange, in reality, takes place between individuals, although the subjects of different states, and would not be undertaken by each party if it were not beneficial to both.

A strange notion seems to have prevailed till towards the middle of last century, even among those who were practically conversant with commerce, namely, that the commercial gains of one nation were always made at the expense of that with which she traded ! Since foreign commerce is as freely and voluntarily undertaken by individuals as that between inhabitants of the same state, and for no conceivable purpose on either side but individual gain, it is evident that it would not be carried on at all, unless, in its immediate results, it were beneficial to both parties, and, through them, to both nations. If any of the commodities dealt in are of a pernicious character, then, of course, the trade becomes injurious, in its ultimate effects, to the nation consuming them. But this arises not from any inequality in the nature of the exchange ; it is rather to be attributed to the vitiated tastes and habits of the people, which lead them to prefer pernicious to useful gratification. Thus the opium trade in China has been considered by the parties, and with reason, to be reciprocally profitable in a pecuniary point of view, though in its ultimate effects, owing to the prevalence of depraved tastes, it has been most deadly.

The profit, however, of the merchants on either side constitutes evidently but a very small proportion of the entire benefit derived by the exchanging countries. If France sends to the United States silk to the value of a million in exchange for an equivalent in cotton, the merchants on either side may perhaps clear a profit of \$50,000 by the transaction. But, in addition to this, twice as much is probably expended in the employment of the ship-

ping and internal carrying-trade of each country ; a considerable sum is likewise put into the treasury of each ; and last, but by no means least, the inhabitants of either country who consume silk or cotton goods are supplied with these commodities at perhaps two thirds the cost at which they could have procured them of equal quality at home, if, indeed, they could have procured them at all. Many things, now considered of first necessity, are not to be obtained without foreign commerce. Tea, the favourite daily meal of perhaps every family in the land, is grown in China alone, and no attempts to raise it in other countries have been successful. Cotton is the produce of a warm climate ; and, if left to their own resources, many countries could not obtain an ounce of that material, which forms so cheap, healthy, and comfortable an article of clothing for the great body of their population, male and female, as well, perhaps, as one of their principal staples of export. Sugar, another absolute necessary of life to the present generation, many nations might possibly grow at home, but of a very inferior quality, and at much greater cost. Cochineal, indigo, and the various other substances used in dying are not the produce of Britain, and but few of them of the United States. The quantity of indigo annually consumed in the United States is about ten times greater than that annually raised in the same country. Nearly every drug or balsam employed in medicine is of foreign growth, and could not be obtained by any efforts at home. Oranges, so delicious to the sick and palatable to all, are purchased from abroad by our flour and cloths, and could not be

procured except by this mutual exchange. "Roast beef," says a British writer, "the Englishman's fare—would to God that every one of my countrymen could command its daily enjoyment!—is indeed a native production; but its companion, plum-pudding, exclusively an English dish, derives its name and its excellence from the produce of foreign climates. The raisins are brought from Smyrna, the currants from the Ionian Islands."*

These familiar illustrations have been selected to bring the fact clearly before the reader, that all classes and conditions of men derive enjoyment or benefit from the mutual exchange of the products of different countries and climates. If foreign trade introduced only such things as are enjoyed by the opulent and luxurious; if it only enabled our modern Sybarites to clothe themselves in silks instead of linens, and drink French wines instead of pure water, it would not be deserving of the high place it ought to hold in our esteem, as the means of adding to the comfort and enjoyment of mankind. But the few commodities we have mentioned above constitute only a small part of those imported from abroad, which are used by the great mass of the people, and contribute to their subsistence, or give additional value to their industry and skill. Without foreign commerce we should be destitute of a very large proportion of the necessaries and comforts, as well as luxuries, which we now possess; while the price of the few that might remain to us would, in most instances, be very greatly increased. Nor are the benefits we derive from an extended intercourse with the

* "Political Economy," by T. Hodgskin.

other branches of the human family monopolized by ourselves. The persons who receive our hardware, flour, fish, and cotton, in exchange for their sugar, silks, drugs, cutlery, &c., could not obtain these necessary and valuable articles so cheaply by any other means. "It is as pleasant," says the English writer just quoted, "to the inhabitants of Portugal, of Turkey, and of Spain, to procure, by the cultivation of their own vines, fig-trees, and olives, the instruments and clothing manufactured in this country, of a superior quality, by help of our fertile mineral wealth and mechanical ingenuity, as it is for us to obtain, by making these articles, the refreshing produce of a brighter sun than ever shines over Britain."*

"But the influence of foreign commerce," it has been well observed, "in multiplying and cheapening conveniences and enjoyments, vast as it most

* Hodgskin's Political Economy, p. 160. Dr. Chalmers, in his recent work on Political Economy, among many other paradoxes, has attempted to prove that it is "a delusion" to suppose that foreign trade adds anything to the wealth of a nation, or is productive of any advantage "beyond a slight increase of enjoyment, the substitution of one luxury for another." The wine-trade he has discovered only produces wine, the sugar-trade sugar, the tea-trade tea, and so on. It is evident the same argument would apply to our internal trade and commerce, and to the division of labour itself. The shoemaker only produces shoes, the clothier cloth, the cutler cutlery, &c. But, just as "trifles make the sum of human things," so, in the aggregate, all the several branches of trade, foreign and internal, produce all that there is in the country of wealth, comfort, taste, splendour, civilization; all that distinguishes us from a horde of barbarians, clothed in skins, and tolerably provided with coarse food. Moreover, the extension of commerce reacts upon agriculture, and tends greatly to increase the production of food likewise. Dr. Chalmers himself admits that this was the case in former ages, and his reasons for considering the effect to have ceased are very inconclusive.

certainly is, is perhaps inferior to its indirect influence, that is, to its influence on industry, by inspiring new tastes, and stimulating enterprise and invention, by bringing each people into competition and friendly intercourse with foreigners, and making them acquainted with their arts and institutions?" Adam Smith and Robertson have both ably traced the economic change which took place throughout Europe at the termination of the middle ages, in virtue of the new tastes and habits inspired in the owners and cultivators of the soil by the presentation to their notice of those articles of splendour and luxury which manufacturers had produced and commerce brought to their doors. The same effect continues in the present day. It is a constant principle of human nature that our wants increase with the means of gratifying them. And well is it that we are so constituted. Were man the sober and easily contented being that moralists have sometimes, with false views of human welfare, attempted to make him—did a mere shelter from the weather, and a sufficiency of wholesome food and coarse clothing satisfy his wishes,

“Content to dwell in decencies for ever,”

his species would probably have remained for ever in a condition little superior to that of the cattle they have domesticated. Art, science, literature, all the pleasures of refinement, taste, and intellectual occupation, would have been unknown: more than this, the ingenuity by which the gifts of nature and the enjoyments of mere animal existence are multiplied and heightened, would never have been called into action; and the prospect which,

in spite of local and temporary checks, seems to us continually brightening, of a progressive and indefinite amelioration in the circumstances of mankind, would have been closed at once. But it is not so. Every augmentation in the number and variety of the means of human gratification has the certain effect of increasing the number of human wants and desires, and of stimulating industry and ingenuity to satisfy them by increased labour or skill. The improvement of our manufactures, and the increase of our foreign and internal trade, have not only a stimulating influence on our own agriculture, thus adding to our supplies of home-grown food, but, by offering novel gratifications to the inhabitants of other countries, more fertile or genial in climate than our own, they excite them to greater industry in the creation of those agricultural products of which we stand in need.

These several productive classes, or "interests," which it is sometimes the fashion to oppose and contrast with each other, are far from being separated by any broad line of demarcation. They are, on the contrary, closely entwined and enlaced together, forming the warp and woof in the web of society. Their interests, consequently, are identical; and any attempt to advance that of one at the expense of the others, must be equally prejudicial to all. In fact, the business of each branch is to supply the wants of the others, so that any falling off in the means of one *must* cause a proportionate decline in the occupation and resources of the others. The agriculturists raise raw produce for the manufacturers and merchants, while the latter fabricate and import articles of necessity, convenience, and

ornament for the use of the former. Whatever, consequently, contributes to promote or depress the industry and enterprise of one class, must have a beneficial or injurious influence upon the others. "Land and trade," to borrow the just and forcible expressions of Sir Josiah Child, "are TWINS, and have always, and ever will, *wax* and *wane* together. It cannot be ill with trade but land will fall, nor ill with land but trade will feel it." Hence the injurious consequences that result from every attempt to exalt and advance one species of industry, by giving it factitious advantages at the expense of the rest.

It has been a question much disputed whether any one of these branches of industry should hold a higher rank in the general estimation than another. Many writers have contended for the pre-eminence of agriculture over manufactures and commerce. M. Quesnay and the French economists were followed in this, to some extent, by Dr. Smith. But the reason assigned by them for this preference, namely, that in agriculture labour is most productive, as being exclusively assisted by the powers of Nature, is an evident fallacy. The manufacturer and the merchant avail themselves of the useful qualities of the mineral, vegetable, and animal kingdoms to the same extent as the cultivator; and Nature affords her aid as bountifully and as gratuitously to the one as to the other.

Though these authors have failed in giving a satisfactory reason for the rank they would assign to agriculture above the other useful arts, it is not, however, the less true, that a marked preference has been awarded, in all times and countries, to this

branch of industry ; and it is difficult to believe that so prevalent a feeling can have its origin in fallacy. A little reflection will enable us to account for it. The true source of the peculiar veneration in which agriculture has been always held, lies partly in its benignant influence on the health and spirits of those who pursue it, and yet more in the consciousness that it is to *this* art man is indebted for the staff of life, FOOD ; while the rest serve only to minister to his convenience and luxury, or to his less urgent necessities. However important to his comfort may be the greater number of objects which commerce and manufactures place at his disposal, every one must feel that he is yet more deeply indebted to that art which furnishes him with the main support of his existence, without which he could not survive the day. He feels that he *could* spare most of the products of the former arts, but not of the latter. Even if we must consider this a prejudice, it is at least a natural, and may well be a general one. But it is not a prejudice. *So long as there are thousands of our fellow-creatures in any part of the world starving for want of necessities,* the art which occupies itself in supplying them will, in the estimation of every friend to humanity, bear the palm over those which are engaged in providing superfluities ! While there is FAMINE on the earth, every man of human feelings will desire to encourage the manufacture of corn in preference to that of cottons, silks, or muslins ; to stimulate the production of bread, even though at the expense of toys and trinkets.

But why should there be any lack of the necessities of life ? How is it that we boast of the multiplied inventions and improvements of civilization

as having armed man with an immense increase of productive power, if it be true that they have not yet enabled him to procure a sufficiency of necessities for the bare support of his existence? In a condition of barbarism, with nothing to depend on but his natural resources, his existence is necessarily precarious; hunger and misery his occasional, perhaps frequent, visitors. But every step that he makes in knowledge and art, in the improvement of his faculties and the enlargement of his resources, *ought* to remove him farther and farther from the reach of want. And it would be strange, indeed, if, after ages spent in successive victories over matter, and in accumulating the means of yet farther conquests; after he has not only compelled whole races of the inferior animals to his service, but taught the very elements, each and all, to do his bidding, with superior docility and far greater power; when invention after invention, one more perfect than the other, have multiplied his powers of production in every branch of industry to a considerable, and, in some, to an almost incalculable extent, it would be indeed strange, if, in spite of all this, man were still unable to escape the grasp of want; still incapable of procuring a full sufficiency even of the coarsest necessities on which to maintain life.

We are thus brought to one of the most interesting questions of political economy. Several of the discussions to which it leads must be reserved for a future volume. The remaining chapter of this volume will be occupied with some reflections on the condition of labourers in the United States, and on measures which have been proposed for their benefit.

SUPPLEMENTARY CHAPTER.*

THE CONDITION OF LABOURING MEN IN THE UNITED STATES.

I. THEIR CLAIMS.

THE condition of those classes of society usually, but in this country very inaptly, denominated the Working Classes, presents a subject for profound and anxious consideration. No one whose sympathies are with man rather than with his accidents, who is more concerned about the amount of happiness enjoyed by his fellow-creatures than about their rank, can look with indifference on that which involves emphatically "the greatest happiness of the greatest number." For the Christian to do so would be flagrant inconsistency. It is the glory of his religion that its mission is "to the poor." Its promises and encouragements belong especially to those who have not "received their consolation" in this world. While it never ceases to plead with others in their behalf, it at the same time inculcates principles which will enable them most certainly to maintain and advance their own interests.

The people of this country, however, are urged to attend to this subject by something which is apt to be more powerful than charity. It is regard to their own safety. With us, laws are but emanations of public opinion, and public opinion is little more than the avowed will, for the time being, and,

* The substance of this chapter was contributed two or three years since to one of our leading periodicals in the form of a review.

however elicited, of a numerical majority. Now, though we abhor the doctrine that the multitude are essentially depraved and sottish, it by no means follows that we are bound to regard them as infallible, or as beyond the reach of corruption. He must be blind to the light of all history who does not perceive that the people are usually what their social, political, and religious institutions make them. If their training is in an atmosphere of impurity; if they are looked upon by politicians as mere puppets, to be moved and manœuvred for private ends; if, instead of being purified and exalted by religious faith, they are taught to regard its restraints with indifference or contempt, the result is not doubtful. The retribution which they will wreak on their betrayers and on themselves will be as awful as just. It is, to our minds, the darkest, and among the most incomprehensible of the omens that threaten our land, that the more opulent and favoured of our people evince so little solicitude on this point. The multitude are invested with a control over life, liberty, and property, which is limited by nothing but their own pleasure, or by paper barriers which they can prostrate at will; and yet, in order to accomplish some unworthy purpose, politicians are ready (and even count it evidence of skill) to inflame their passions almost to madness, and to engender or encourage the most vulgar and virulent prejudices. On the other hand, not a few, even in this land of democracy, filled with complacent satisfaction at the view of their possessions, rarely condescend to bestow a thought on the great body of the people, appearing to think, with the ancient Fablier, that "it is fit that noble chevaliers

should enjoy all ease and taste all pleasure, while the labourer toils in order that they may be nourished in abundance—they, and their horses and their dogs.”

II. UNEQUAL DISTRIBUTION OF PROPERTY.

We do not propose to examine this subject, at present, in all its bearings. There is one question about which republics have always been agitated, and which, to most of them, has proved the too prolific source of dissension and ruin; we mean *the distribution of property*. Without instituting property, and securing to each one, as far as possible, the fruits of his industry and foresight, society can make little progress; and yet, in giving that interest, provisions are made which are not only liable to abuse, but which, in the course of ages, become, almost invariably, the instruments of oppression. This is equally the case whether such provisions emanate from the whole people, or only from the class called proprietors or capitalists. In the latter case, forgetting that their own welfare is bound up with that of the industrious classes, legislators are apt to exonerate themselves from public burdens at the expense of the labourer; and not only so, but to appropriate the revenue thus collected in such a manner as still farther to depress industry. Witness England, which taxes enormously almost every article of subsistence used by the labouring population, and every tenement occupied by a tradesman; while the palace of the nobleman, his carriages, wine, servants, probates, &c., pay comparatively nothing;* collecting millions annu-

* Sir Henry Parnell estimates that the higher classes do not

ally in the form of poor-rates, and then dispensing them so as to discourage industry, paralyze independence, and, in effect, pay a bounty on pauperism.

On the other hand, let the tenure and distribution of property be regulated by a whole people, and the door is thrown open for a different, but scarcely less grievous kind of oppression. Burke has well said, that "in a republican government which has a democratic basis, the rich require an additional security above what is necessary to them

pay more than six millions out of fifty. Mr. Bulwer, in his "England," &c. (p. 187, vol. i.), says: "By indisputable calculation, it can be shown that every working man is now taxed to the amount of one third of his weekly wages; supposing the operative is to obtain twelve shillings a week, he is taxed, therefore, to the amount of four shillings per week; and at the end of six years (the supposed duration of Parliament), he will consequently have contributed to the revenue, from his poor energies, the almost incredible sum of 62*l.* 3*s.*" By a calculation in the Metropolitan for July, 1833, it is shown that a citizen of London, having an income of 200*l.* a year, out of which he must support himself, wife, three children, and a servant-maid, would have to pay above 80*l.* of it to government. The following are specimens of the manner in which the house tax is assessed:

	Sworn annual value.	Land tax.
A shop in Regent-street, 21 feet by 75, owned and occupied by a tradesman	400 <i>l.</i>	56 <i>l.</i> 13 4
The palace of the <i>Duke of Buckingham</i> , principal front 916 feet, Corinthian columns, saloon paved with marble, towers, obelisks, parks, &c.	300	42 10
Blenheim, owned by the <i>Duke of Marlborough</i> , with a park of 2700 acres, &c., &c.	300	42 10

In like manner, the window-tax is so adjusted, that the rich, by multiplying the windows on their estates, can obtain them at about one third the rate of tax paid by the middle and poorer classes. When the number is over 180, the charge is but *one and sixpence* apiece. Under that number, it is at an average of 5*s.* apiece.

in monarchies. They are subject to envy ; and, through envy, to oppression." Such additional security, however, is hardly to be expected from those who feel this envy, and who may hope, by contracting the gains of others, to get profit to themselves. Hence the fact, that in the history of republics, property, in order to protect itself, has been so often compelled to appeal from the laws to bribery and corruption. Regulations lessening its sacredness, limiting the extent to which it might accumulate, restricting expenses, partitioning lands, bestowing largesses, have ministered successively to an all-grasping and unscrupulous cupidity, until, at last, all other sentiments have been absorbed in a general scramble for spoils. Witness Rome in her downward career, when direct and studied appeals were made to the poor against the rich, and the possessions of the latter were held up as fit objects for pillage. "From that time," says the historian, "the good old customs and regulations fell gradually into disuse. The people would no longer obey ; all things were obtained by gold ; no crime in war seemed disgraceful if profit was connected with it. Those who were poor and without patrons had more to fear from the courts of justice than opulent criminals ; and assassinations and deaths by poison became common."* Thus does "even-handed justice commend the ingredients of our poisoned chalice to our own lips." The poor begin by preying upon the rich, and end by being their victims.

The desire for property, coupled, as it too often

* Von Müller, Univ. Hist., book vi., sec. 19.

is, with a feeble sense of justice, prompts men to try, in the language of Franklin, "to get something for nothing;" to grasp gains without paying the prescribed equivalent of labour and frugality. This single principle will explain much of the invidious and unequal legislation in regard to property which has characterized every age and country. Under one government it leads to guilds, corporations, and trading companies, which are often but little better than stupendous monopolies, engrossing for a favoured few all the profits of a lucrative trade or an important craft. In another, the same passion stimulates the people to perpetual changes in the tenure of property; sets aside vested rights; pulls down one branch of industry to build up another; passes laws under pretence of benefiting the poor, but, in reality, to advance the rich. In each case the result is about the same. The few are enriched at the expense of the many, and by similar means. The demagogue knows that "thrift follows fawning" quite as well as the courtier. Both have at hand the plea of the "public good," and both take occasion to smile at the eager simplicity with which, for the thousandth time, the bait is swallowed. It must, however, be admitted, that the recipient of a royal charter has some advantages over the self-styled champion of "equal rights." The one is likely to enjoy long and securely his ill-gotten gains; the other often discovers, when too late, that his success has been his destruction. "He has but taught bloody instructions, which, being taught, return to plague the inventor." The fate of Licinius, among the first to suffer from the law forbidding the accumu-

lation of large estates, which he had himself procured to be enacted, should teach these modern patriots that it is vastly easier to raise an evil spirit than to lay it again; and that there is a marvellous difference between being a martyr to one's principles, or rising by them to place and power.

How to prevent the evils growing out of these extreme systems of legislation has long been a question. Moses, by Divine direction, prescribed the remission of debts and the reversion of landed estates at certain fixed periods; measures which, though they had doubtless other and higher ends, contributed also to equalize property, but in a manner too violent for any except a temporary and peculiar dispensation. Other lawgivers, such as Solon and Servius Tullius, endowed the rich with privileges, but imposed on them more than corresponding burdens. The consequence, however, was, that society was broken up into *castes* more or less hereditary; which, by creating a permanent distinction between rich and poor, obstructed that free and healthy movement of mind, and that cordial co-operation among all classes so necessary to the utmost improvement of a people. In our own country, everything like hereditary distinction or privilege has been abolished. Property can be perpetuated in no family except by enterprise and virtue; while there is nothing in theory, and but little in the practical operation of our laws, to prevent the humblest citizen from reaching the highest eminence of wealth or power. There is here no *class* of rich or poor. Through improvidence and vice, the children of the opulent are perpetu-

ally descending from their elevation, to learn, in the school of poverty, the necessity of diligence and prudence; while, at the same time, the indigent and unfriended rise to occupy their places. In such a state of things, industry and thrift cease to be derogatory; they become associated in the minds of the people with merit; and, strangely as it may sound in foreign ears, there are parts of this country where an idler, however affluent, could with difficulty maintain his place in society.

Yet, even with such institutions, we shall not be able to escape the taint of imperfection which cleaves to everything human. Evils which in older countries have been the result of unequal and hereditary privileges, may here be the consequence of the action of the popular will. One instance of this we have in the system of taxation which is prevalent among us, and which is, in some respects, scarcely less exceptionable than that which prevails in Great Britain. There is among the mass of the people such an aversion to what is termed direct taxation—that is, to assessments levied directly by the government—and so much difficulty has been experienced both in imposing and in collecting them, that our rulers have been but too ready to resort to the less obnoxious system of indirect taxation: a system by which revenue is derived, not from property, but from consumption, and that, too, the consumption of necessaries rather than of luxuries. Thus, as in England, the elegant indulgences of the rich are subjected to only a nominal tax, while the provisions used by a labouring man are increased in cost nearly one third by taxation and monopoly: so in this country. Imported coal

pays a duty of six cents per bushel, candles of from five to six cents per pound, iron from ten to twenty dollars per ton, salt ten cents per bushel, and flour fifty cents on the 100 pounds; while *coffee*, *tea*, *dried fruits*, and *spices* are admitted free, and *wine* and *silks* at the very lowest duties.

This, however, is far from being the sorest evil under which we suffer. Of the disadvantages incident to a popular government, perhaps the most serious is that untiring spirit of change which is apt to possess the people, and which involves in uncertainty all investments of capital, and almost every description of industry. Never satisfied with our materials of happiness, disappointed in each new acquisition, and bent, therefore, on farther experiments, there is danger lest at last despair take the place of hope, and we rush, like those who have gone before us, from the extreme of licentiousness to that of despotism. From this, the danger of all democratic governments, the people of this country are not free. We have compassed, it is thought, the most distinguished blessings by departing from the institutions of the Old World; and the too hasty conclusion is, that the farther we carry this departure, the nearer we shall approach the perfection of the social state. And this feeling is sedulously cherished by many who would call themselves statesmen. Whoever pants for office finds his account here in evoking the spirit of discontent. Things, he assures us, must not remain as they are, or the country is ruined. Golden visions are held up before all who will go for the putting down of a party or the repeal of a measure. Some policy to which the country has barely had time to conform

itself, which has given a new direction to millions of capital, and to vast amounts of talent and enterprise, and from which we are just about to reap abundant returns, all must be prostrated, that some new reformer may mount into power.

Lower down, but not less active in the work of agitation, is another class of politicians, for whom it seems to have been reserved to disclose to our artisans and labouring population the astounding fact that they are already ground down by oppression. They can talk of nothing but the social and political degradation of their brother-workmen, the enormous profits of the capitalist, and the growing aristocracy of wealth; while they insist upon a new principle of division, by which the labourer is to share in the gains of trade, without sharing either in its hazards or its losses.* With such men,

* That this is no exaggeration of the doctrines now industriously spread among the labouring population of our country as well as of England, will be obvious to all who have observed the proceedings and publications of Trades' Unions. As an example, take the following from the Preamble to the Constitution of the 'Trades' Union of the city and county of Philadelphia. "It is an incontrovertible truth, that *those who do not labour to produce are supported by those who do*, and it is therefore obvious that those who are thus supported, will and do, through the impulse of self-interest, endeavour by every possible means to decrease the just demands of the manufacturer and producer." It should be understood, that by "producer," and "those who labour to produce," is meant those only who are engaged in manual labour; so that merchants, tradesmen, bankers, magistrates, lawyers, physicians, &c., as well as mere "capitalists," are "supported" by the labouring class, and are "endeavouring, by every possible means, to decrease the just demands of the producer!" It is constantly affirmed, and, we doubt not, believed by these men, that they "are the *producers* of all wealth;" that "the capital of those who employ them would be a dead weight without their labour;" and that to them, therefore, belong the principal share of what are now the profits of

equal rights mean, not an equal title to the protection of law; not equality of privilege, but equality of condition. It is said that the champions of equality in France, when they undertook to carry out their principles in the reconstruction of the government, commenced by causing the kingdom to be resurveyed, and divided into square departments of exactly the same size. It was not to be reconciled with their notions of equality that there should be one province or one commune geometrically larger than another. So with these philosophers. A foot rule and a little arithmetic would, in their estimation, suffice to adjust the most conflicting claims, and the nicest problems in Political Economy.

III. INEQUALITY UNAVOIDABLE.

But if these men really hope to banish inequality from civil society, they would do well to begin by eradicating it from the constitution of Nature and the dealings of Providence. So long as the natural endowments of man are unequal, so long it will need more than the skill of a Marat or a Robespierre to equalize their condition. Society may resolve itself into its original elements. It may forego all the blessings of civilization. It may bring back the boasted simplicity and freedom of patriarchal times: and what then? Why, we should find ourselves as far as ever from any practical equality. The wildest and strongest—the best hunter and the bravest warrior—would soon lord it over the rest. One portion, from hap-

the employer. It does not seem to occur to them, that without their employers' capital there would be no demand for labour.

py talents or happy circumstances, would rise to the top, another sink like dregs to the bottom. The history of every savage tribe proclaims that corporeal or mental superiority always confers an ascendancy on its possessor ; and that, despite the theories of a pseudo-philosophy, the most untutored mind will own and respect it.

It may be, however, that, in order to retain the blessings of civilization without its inconveniences (if inconveniences they may be called), these reformers would merge the individual in the mass, and renew the experiment so often exploded of a *community of goods*. And what has been the history of these associations? We have had them, in every gradation and of every phase, from the republic of Lycurgus to the *Nouveau Christianisme* of the Count de St. Simon. We have had them springing from, and pervaded by, every species of enthusiasm: political, philosophical, and religious. We have had them administered by the wisest men, and according to the most artificial rules ; where all communication with the rest of the world has been proscribed, and children have been taught, from their earliest infancy, to sacrifice the feelings of nature to the claims of the community. What has been the result? They have been able to exist at all only within small limits, and then only by weakening or sundering family ties ; by renouncing the use of money, and the pursuits of commerce and letters ; and by causing the individual to lose sight of his own high welfare in sustaining and extending the community.* Their boasted equality, as far as we can dis-

* In this remark we except, of course, the community of

cover, has been an equality of servitude, where some John of Leyden or Owen of Lanark has wielded an undisputed, and, too often, a sordid supremacy. Look, for example, at the Reductions of Paraguay, where the Jesuits professed to have realized the fair idea of a Christian commonwealth, and of which the Abbé Raynal says, *c'est la seule société sur la terre ou les hommes aient joui de cette égalité, que est le second des biens ; car la liberté est le premier*. Historians inform us, that this equality was little better than a dead level of servitude, which kept the inhabitants without progress in the lowest state of civilization ; that the society evidently aimed at the establishment of an independent empire, which might ultimately extend its dominion over all the southern continent of America ; and that, to this end, they cut off all intercourse between their subjects and surrounding nations, permitting them to have no conversation with any foreign trader or functionary, nor even to be in the same apartment with them without the presence of a Jesuit. Look at the Anabaptists of Munster, who in the sixteenth century filled all Europe with alarm by their fanatical opinions concerning property and religion. By dint of visions and prophecies, this people were induced to constitute their leader King of Sion, to clothe him with supreme power, and offer him the most abject homage ; and they then “ launched, by his direction, into

goods mentioned Acts iv., 32. That appears to have been a voluntary arrangement, entered into from considerations purely religious, by a small and proscribed body ; not intended to interfere with their duties as citizens ; confined to Jerusalem ; never enjoined even upon the Christians of that church, and continued by them for only a short time.

every excess of which the passions of men are capable, when restrained neither by the authority of laws nor the sense of decency.”* Even in Sparta, where this principle of common property was only partially introduced, and where we have the most wonderful example ever yet seen of the triumph of political institutions over the instinct of the human heart, to what did its boasted equality amount? Let the condition of the Helots answer; and the fact that, in the course of time, all the landed property in the republic was engrossed by a few individuals, of whom two fifths were women. The genius of this memorable and too often lauded constitution has been well, though somewhat paradoxically, described by Montesquieu: “Lycurgus, by blending theft with the spirit of justice, the hardest servitude with excess of liberty, the most rigid sentiments with the greatest moderation, gave stability to his city. He seemed to deprive her of all her resources, such as arts, commerce, money, walls: ambition prevailed among the citizens without improving their fortune: they had natural sentiments without the tie of a son, husband, or father; and chastity was stripped even of modesty and shame.”

We do not suppose, however, that there are many politicians who seriously contemplate taking to pieces the institutions of property in order to reconstruct them on the basis of a metaphysical equality. What such men too frequently seek is not equality, at least for themselves. They seek rather some convulsion which shall heave them above the surrounding mass; and, well aware that

* See Robertson's Charles V.

there are in every community elements of discord and discontent, and that it needs but malignity and assurance to stir them up, their province is to *agitate*. With such spirits it would seem idle to reason except through their fears; and for them there is abundant occasion for fear. History ought not to have recorded the fate of their prototypes in vain. They have to consult that great Teacher but a moment, and they will find that agitation is a game at which more than one can play; and that the first to stake is not always the last to win. We should like to know how many great anarchists have died peaceably in their beds, or have kept masters of the field to the end. There are always hardier and more desperate spirits to catch the latest pressure of the times; to purchase popular favour by outstripping all who have gone before them, in the impudence of their pretensions and the atrocity of their measures. Girondists, Brissotines, Jacobins, Terrorists — these are always ready to chase each other from the stage, like spectres in a dream, until, drunk with carnage and tired of revolution, the people welcome the repose of despotism.

But if professed agitators are beyond the reach of appeals higher than these, it is not so, we trust, with the multitude they flatter, nor with the honest but too visionary statesmen who, unable as yet to find their *beau idéal* of a well-governed state, always hope something from change. Can they forget that professions of exclusive regard for the people are the old and standing pretexts of those who would rule or ruin? “Ye shall be as gods” was the promise of the arch-deceiver when he

would thwart the purposes of Heaven by betraying a world. And what now, in every nine out of ten cases, are patriotic promises and protestations but the cloak under which the demagogue prosecutes his private purposes? What are the *people* to gain by perpetual changes in the distribution of property, and in the relations between capital and industry? Does not law derive its chief value from being known and established? Does not all experience prove, that where change is ever going on, it is at the instigation of an interested few; that the body of the people are allowed to understand little either of its progress or objects? "Your demagogues," said Demosthenes, in his Oration against Timocrates, "your demagogues, citizen judges, would make new laws, solely for their own convenience, almost every month: if you do not punish them, the people at large will soon be enslaved by these wild beasts." If such was the case in a republic, the citizens of which were sworn never to acquiesce in any division of property destructive of private rights, and where it was a maxim "that we ought to maintain the laws of our country, and respect them as certain secondary divinities;"* what may we not apprehend where reform is the great watchword, the catholicon to be applied, without measure or discrimination, to all political maladies whatever?† The inevitable effect must

* Stobæus, Serm. xxxviii., p. 229.

† Bacon, who lived in the age of reformation in religion, and was himself a great reformer in philosophy, yet says of "new experiments in the political body:" "It is improper to try them, unless the necessity be urgent or the utility evident. Great care must be taken that the desire of reformation may occasion the change, and not the desire of the change plead for the refor-

be to lessen the security of property, discourage enterprise, and keep out capital. On this point, let the sage of radicalism himself be heard: "It is the security of property," says Bentham, "that has overcome the natural aversion of man from labour, that has given him the empire of the earth, that has given him a fixed and permanent residence, that has implanted in his breast the love of country and of posterity. To enjoy immediately—to enjoy without labour—is the natural inclination of every man. This inclination must be restrained; for its obvious tendency is *to arm all those who have nothing against those who have something.*"*

mation. Again, let all novelty, though it cannot, perhaps, be rejected, yet be held suspected. And lastly, as the Scripture directs, let us stand upon the old paths, and see and ask for the good way, and walk therein." See Essays, XI. So also Aristotle: "Slight imperfections," says the Stagirite, "therefore, whether in the laws themselves, or in those who administer and execute the laws, ought always to be overlooked, because they cannot be corrected without occasioning a much greater mischief, and tending to weaken that reverence which the safety of all governments requires that the citizens at large should entertain, cultivate, and cherish for the hereditary institutions of their country. The comparison drawn from the improvement of the arts does not apply to the amendment of laws. To change or improve an art, and to alter or amend a law, are things as dissimilar in their operation as different in their tendency; for laws operate as practical principles of moral action; and, like all the rules of morality, derive their force and efficacy, as even the name imports, from the customary repetition of habitual acts; and the slow operation of the laws therefore tends to subvert that authority on which the persuasive energy of all laws is founded; to abridge, weaken, and destroy the power of law itself."—Aristot., Pol., b. ii.

* In the last report of the Directors of the Connecticut State Prison, the chaplain states that "thieves and robbers, the most hardened and dangerous, frequently attempt to justify their doings on the ground that one man has no right to hold more property than another; and when they steal and rob, they mean to take from the rich only, and thus equalize what, before, was unjustly unequal."

The law which restrains this inclination, and which secures to every individual the quiet enjoyment of his industry, is the most splendid achievement of legislative wisdom—the noblest triumph of which humanity has to boast.”

The truth is deeply impressed, we would hope, on the minds of the American people. They all either possess, or hope to acquire property; and they can hardly fail to see, that whatever tends to lessen its security, must in the end operate to their own injury. There is one circumstance, however, which may well awaken alarm: it is the assiduity with which the press and rival politicians appeal to the vulgar jealousies of the poor, and the eagerness with which they seize every opportunity of fastening on their opponents the stigma of being rich. No terms seem fraught with more political reproach than those which indicate that their object is the proprietor of large estates. Once property might have rendered its possessor an object of jealousy, because it conferred exclusive political privileges. But, now that the right of suffrage has been extended to all, wealth seems to be growing odious. We are far from being advocates of great or permanent inequalities in the distribution of property. They are prejudicial alike to the indigent and the affluent; exposing the one to the temptations of want and dependance, and the other to that haughty spirit which goeth before a fall. But such inequalities ought to be redressed, not by bringing down the rich, but by lifting up the poor. Let the poor be endowed with an intelligence and moral worth which will enable them to work their own way. If the rich are disposed to be exacting or oppressive,

correct the evil, not by surrendering their possessions to plunder under colour of law, but by inspiring them with a larger justice and humanity, and especially by teaching them (what they are too ready to forget) that their own interests are indissolubly united with those of the labouring classes.

IV. COMBINATIONS OF LABOURING MEN.

There is another fact which may well inspire solicitude. It is the existence, throughout our cities and larger towns, of combinations, professing to aim at the correction of grievances sustained by the labouring population, and proposing to effect this, not so much by legislation, as through a system of joint and wide-spread agitation. Capital and labour are, among farmers, substantially in the same hands; and it is felt that both alike need encouragement and protection. In the country, too, men are likely to find their proper level, and, aware of this, as well as of the difficulty of arranging and maintaining an active confederacy among a sparse population, they rarely make the attempt except on great emergencies. In populous places it is otherwise. The division of employments is here carried to such an extent, that, while one class supply only capital, another contribute only labour. These classes come together too often as competitors. They come, too, from opposite extremes of the social scale, and under circumstances calculated to inflame, in the minds of the less favoured, a painful sense of inferiority. When to this we add the real grievances to which the poor are subjected by the arrogance of the rich, by their remissness in discharging their obligations, and their

abuse of the power which results from their situation, we cannot wonder that a great city should become the focus of discontent. Besides occasion for confederacies, it furnishes, in the density and clannish character of its population, and in the presence of factious and desperate men, who make a trade of agitation, tempting facilities for organizing them.

These facilities have not been neglected. Associations, called 'Trades' Unions, have been formed in every considerable town in the United States; and they threaten, in connexion with other causes, to bring on that struggle which has been so often seen in other countries, and which, to the impartial observer, must seem alike unnatural and ruinous—the struggle between labour and capital. Indications of it are apparent in the "strikes" which multiplied so rapidly a few years since, and in the scenes of violence with which they were generally attended. That these attempts to control the market of labour must, however well organized, ultimately prove fruitless, is evident, one would think, at this time, when men who, in 1834, resolved that wages should never be reduced below the rate then paid,* are glad to obtain employment on almost any terms. It may be thought, too, that convulsions in trade, like those through which we have just passed, must dissolve these societies, or leave nothing to be apprehended from their future efforts. They who suppose so, however, know little of the virulence of that disease which preys on the body politic, and which has so often proved the *immedi-*

* At the General Convention of 'Trades' Unions held in the city of New-York.

cabile vulnus. The dissatisfaction of the ignorant poor, and the machinations of those whose business it is to foster it, are never more rife, though less observed, than at such seasons. The organization, too, of which we are speaking, is preserved, and its doctrines are disseminated with indefatigable industry and through a multitude of channels. It will be well if the effect of these and other causes is not seen in a growing alienation between the two great classes that compose the population of our cities and manufacturing towns. Of all things, such an alienation is most to be deprecated. To counteract the tendency to it which is now but too evident, there must be a higher tone of intellectual and moral instruction among all classes of our people. Those who have property, and would preserve it, must put forth special efforts to redress the real grievances of workmen, and to convince them that, between their rights and interest and those of their employers, there is not only no actual variance, but the utmost harmony and identity.

In undertaking to examine the nature and claims of Trades' Unions, and of other similar combinations, we would guard against misapprehension. We have been drawn to this task by no desire to prejudice the controversy in which they are engaged. So far as we had at the outset any predilections, they were favourable. Perceiving that the number of mechanics and labouring men was rapidly increasing in our country; that they were exposed to many trying temptations; that on their virtue and intelligence depended the well-being of our towns, and that they imbodyed a large share

of the active talent and political influence of the time, we had conceived a lively interest in their welfare. We had been especially anxious to see societies for mutual improvement formed among them ; and when we heard that, in England, societies had long existed in the several trades which were in the course of being transplanted to America, we hoped that they might prove powerful instruments for this purpose. That we might judge fairly of their structure and tendency, we went for information, not to the publications of their adversaries, but to documents which they had put forth in their own name ; to the proceedings of their Unions and Conventions, and the files of their newspapers. Having derived our facts from such unquestionable sources, the conclusions to which we may arrive can be erroneous only through some fallacy in our reasoning. Should such fallacy escape us, we may trust that it will not escape our readers.

It may be proper to say a word here of the history of these associations.

“The most ancient examples,” says Mr. Wade, in his *History of the Middle and Working Classes*, “of the Unions of workmen, were the trading guilds or fraternities, remains of which still exist in many of the principal towns of England and on the Continent. Traces of these societies may be found under the Roman emperors, and during the times of the Anglo-Saxons, when they formed a separate and favoured portion of the community, possessing exclusive grants and immunities. Combinations, in the modern sense, of workmen against their employers, could have no place in these asso-

ciations; each constituted a distinct incorporation of all those engaged in the same mystery or occupation; they were governed by by-laws, which regulated the taking of apprentices, the admission of new members, the prices of their manufactories, &c.: in short, they performed all those functions in common that are now performed separately by masters and journeymen; and the only combination that existed was that formed by the union of both against the community. The monopoly thus established against the public was the cause of their downfall, and at an early period made them an object of legislative enactment. In the 1st Stat. 9 Edw. III., it is declared that the franchises of guilds are 'prejudicial to the king, prelates, and great men, and oppressive to the commons.' By the gradual abridgment of their privileges they lost their municipal government: stranger workmen were introduced into the trades, who did not acknowledge the authority of masters and wardens; and, finally, the fraternities resolved into the great and independent divisions of masters and journeymen; the former finding the capital, the latter the labour for their co-operative industry. From this transition may be derived the first origin of Trades' Unions for the express purpose of keeping up the rate of wages."

The earliest notice which we have of workmen combining in England is in the year 1548, when an act of Parliament (2d and 3d Edw. VI., c. 15) states in its preamble that "artificers, handicraftsmen, and labourers have made confederacies and promises, and have sworn mutual oaths, not only that they should not intermeddle with one another.

er's work, and perform and finish that another hath begun; but also to constitute and appoint how much work they shall do in a day, and what hours and times they shall work, contrary to the laws and statutes of this realm, and to the great hurt and empoverishment of his majesty's subjects." Subsequently these combinations undertook to dictate, not only where workmen should engage, and how long they should work daily, but also what wages should be paid; and from the year above mentioned down to 1824, laws were frequently passed to protect employers against them. These laws, however, proved, as in such cases they usually do, nearly powerless, prosecutions under them serving to exasperate rather than to deter; and in 1824 they were all repealed, and an act substituted to prevent the use of violence by such combinations, and protect independent workmen. From the evidence taken before a committee of the House of Commons in 1824, it appears that all the trades in London were at that time in some degree organized; and that through the kingdom, especially in the manufacturing districts, associations were in active operation. By their agency in Manchester, not less than 15,000 people were in 1818 induced to refuse work for the space of several months; and "the district," says Mr. Wade, "has at no period, for several years, been without the excitement and confusion of tumults caused by these associations."

The most recent and striking example of their power was presented at the potteries in Staffordshire (England). More than 30,000 operatives, constituting the entire force of those establish-

ments, were in 1837 nearly six months without any employment, owing to the Unions. The introduction of these clubs in 1833 marked the beginning of controversies between the masters and workmen, which continued till August, 1836, when, by a decree of the Union, several manufactories, employing in all about 3000 hands, were suddenly cleared. Upon this, the whole body of employers, who, in anticipation of such a movement, had previously formed themselves into a Chamber of Commerce, resolved, that since the men, at the instigation of the Union, must have a *partial* turn-out, they would insist upon its becoming *general*. In consequence, every proprietor closed his works; the whole population were left without work, and it was not till the January following that the difficulty was adjusted and the men restored to their places.

These associations are formed and confederated in the following manner. As many of the journeymen of the same craft in a town as are willing, form a society. From each of these societies or lodges delegates are convened at some central point, who form a General Union of Trades; and again, by delegations from these Unions, a General Convention, representing all the trades in the United States, is formed and meets annually. By the monthly contributions of each member, a fund is created to pay the expenses of these delegates, aid necessitous members, especially during strikes, and meet other charges. When in any district the controversy of workmen with their employers approaches a crisis, a Board of Management is crea-

ted, to conduct negotiations, prescribe terms, and dictate the extent and duration of strikes.

V. TENDENCY OF COMBINATIONS.

What would a reflecting man expect of such combinations? Associated action is powerful; and when it enlists great numbers, so situated that they combine easily and intimately, its power may be all but overwhelming. And to this, provided the power be used rightfully, it is not our purpose to object. The world owes, to the union and association of good men for worthy objects, some of its best and noblest inheritances; and since the very essence of civilization lies in co-operative effort, and the motive and means for applying such effort are constantly multiplying with the progress of freedom and intelligence, it is idle to think of arresting the tendency to it which characterizes our age. In every department of human affairs—be it financial, literary, or philanthropic—it will, for good or for evil, have its course. But it must be watched. Criteria must be fixed by which we can distinguish its safe and beneficent movements, and guard it against perversion. Few scourges have been more dreadful than those wielded at times by well-disciplined and extended confederacies. Is there, then, in these leagues called 'Trades' Unions, anything calculated to awaken suspicion, or to furnish just ground for alarm?

We hold that the power lodged with associations is safe from great and dangerous abuse only when their objects are clearly avowed and their proceedings substantially public; when their composition is so far promiscuous as to secure them from a

clannish spirit and an anti-social policy ; and when the influence on which they rely is of a purely moral nature, appealing to something higher than fear. Allow them the use of violence, or even of intimidation, and they will soon usurp the place of law, and erect themselves into the most intolerable of all tyrannies. Suffer them to embody but the members of one profession or class, and those but of one sex, and they will evince an exclusiveness and identity of feeling, and be liable to ebullitions of passion, which will render them always troublesome, and, in seasons of great danger or excitement, doubly so.* And, finally, permit them to proceed in secret, and for purposes not fully known or explained, and the temptation to convert them into instruments of oppression for political or religious ends will be nearly irresistible.

What, then, is the character of Trades' Unions in these respects ? In regard to the objects which they propose to accomplish, such as redress of grievances, vindication of rights, security against aggression, &c., it must be evident that these are quite too indefinite ; such phrases admitting of any construction that convenience may require, and having been often used as pretexts for sedition. So with respect to their proceedings, without a knowledge of which the public can never be secure

* " Leagues thus formed and strengthened may overawe or overset the power of any state ; and the danger is greater in proportion as, *from the propinquity of habitation and intercourse of employment*, the passions and counsels of a party can be circulated with ease and rapidity. It is by these means and in such situations that the minds of men are so affected and prepared, that the most dreadful uproars often arise from the slightest provocations. When the train is laid, a spark will produce the explosion." Paley's *Mo. & Pol. Phil.*, b. vi., c. ii.

against machinations and disturbances. Whenever the members are about to engage in a contest with their employers, the Board, which is clothed with the power of dictating its form, extent, and continuance, sits, in almost all cases, with closed doors, its members being unknown. For example, in the late difficulty in the potteries of Staffordshire, when from 15 to 20,000 families were deprived of the ordinary means of support, the Board of Management, which, by one of its rules, "had a controlling influence over all the lodges in matters of importance," and, through the lodges, over each individual member, such member being required, on admission, to pledge himself that, "so long as the society should continue, he would in all things adhere to its rules, and never act contrary to its spirit and constitution;" this Board, we say, composed of over sixty members, which dictated turn-outs, proscribed intercourse between workmen and their employers, levied fines and taxes, and dismissed recusant members, was so completely invisible, that "scarcely a member of the Union either knew, or pretended to know, more than some one or two of its members." Such a fact speaks volumes in regard to the true character and tendency of these associations, and can hardly be lost on a people so jealous as we are of our liberties. Secret confederacies, it must be evident, are often fraught with more real danger than open sedition, inasmuch as they are more likely to draw to their support well-disposed but inconsiderate persons.

It is also worthy of remark, that Trades' Unions are composed of persons belonging to but one class—that of journeymen. To say nothing here

of the incendiary spirit which is apt to reign in the counsels of men thus isolated from the rest of society, and united by sympathy, proximity of situation, and similarity of condition; nor of the facilities which exist among them for combination, and the narrow views, even of their own interest, which they are apt to acquire by exclusive communion among themselves; there is to this feature of their constitution another, and, in this country, still more serious objection. It tends to arrest among journeymen the spirit of improvement, and to fix them in a condition of permanent inferiority. One of the great advantages of a state of society like that which exists in this country is, that as every man may, so does almost every man expect to, improve his condition. Until recently, no journeyman was satisfied with the prospect of remaining a journeyman through life. He was looking forward to the time when he should become an employer; and he felt urged, therefore, not only to industry and good conduct, but to an active interest in maintaining the rights of employers. But let him become an active member of these Unions; let him anticipate some influence and fame as the reward of his services, and from that moment he feels as if he had cast in his lot for life with journeymen. He gets, by degrees, to regard employers as a hostile class; fosters feelings and avows doctrines which shut him out from their sympathy, and renders it constantly more difficult to leave the party he has espoused, and join another he has so often and so loudly condemned. If we desired to alter the whole genius of American society; to resolve it into classes separated by barriers almost impassable, and to condemn the largest

portion to lasting inferiority, we should certainly recommend some such expedient as Trades' Unions. They appear to us to be perfectly calculated to inspire the poor, not indeed with contentment, but with a spirit which is much more likely to keep them down, and to deprive them, not only of the sympathy and good-will of the rich, but of all high and generous ambition. On this point we fully concur in the sentiment put forth, though with different views, in the address of the President of the General Trades' Union of the city of New-York: "It has been avowed with great truth, that all governments become cruel and aristocratical in their character and bearing in proportion as one part of the community is elevated and the other depressed. And we regard it to be equally true, that, in proportion as the line of distinction between the employer and employed is *widened*, the condition of the latter inevitably verges towards a state of vassalage, while that of the former as certainly approximates towards supremacy."—p. 10.

There is another fact entitled to some notice. These Unions profess to have been formed in order to promote, among other things, the intellectual improvement of their members. We could wish that, in pursuing that object, they had not so entirely overlooked another and yet more important one. However desirable it may be to ameliorate the outward condition of men and to enlighten their understandings, it must be admitted to be inconceivably more desirable to raise the tone of their deportment and moral sentiments. In increasing their physical and intellectual resources merely, we may but increase their misery, and the mischief which they

will inflict on their families or the public. No body of men is more dangerous than one raised in influence above the mass of those engaged in similar pursuits, and constantly busied in inspiring jealousy and promoting agitation. That such is the case with these Unions we do not affirm. But it is worthy of notice, that their leaders are generally from abroad, and that their doctrines respecting labour and capital are often propagated in close connexion with tenets held by Mr. Owen respecting Politics and Religion. Now we know something of the style and spirit of the literature which thrives amid such tenets. The Halls of Science established under the auspices of Mr. Owen push their researches into the realms of atheism and sedition. They have little taste for anything farther. So with Trades' Unions. They convene their members to hear of "equal rights," "rapacious capitalists," "grinding employers." But we are informed of no libraries that they have established; of no lectures that they have instituted; nor, indeed, of any measures for the diffusion of useful knowledge, which were not already prevalent and of easy access.

But, if working men are aggrieved, some one may say, why not allow them the means of redress? How can they hope to rise without union and concert? To such questions we reply, that, in order to rise indeed, they ought to aim, first of all, at the exaltation each of his own individual character. To give real and permanent advancement to a class, while the individuals who compose it are degenerating, must be a vain attempt. And we reply yet farther, that it ought hardly to be assumed, and that,

too, as it generally is, without examination, that in this young republic, to which men are thronging, from all quarters of the world, as to a land of promise and freedom, and in which every individual can cause himself to be felt through the ballot-box—that in such a country labouring men are already the victims of a grinding oppression. Least of all should this be assumed at the bidding of men who have but just escaped from legal disabilities in their native lands, and who, admitted here, not only to an asylum, but to every political privilege, hasten to evince their gratitude by abusing our institutions, and endeavouring to subvert the very power that welcomes and protects them. We propose, however, to inquire for a moment what these grievances are, and also how far Trades' Unions are likely to afford a remedy.

VI. WAGES.

The great grievance complained of by these Unions—the one, indeed, into which, in their estimation, all the rest may be resolved, is inadequacy of wages. Though they have in some instances demanded only a reduction in the hours of daily labour, their claim has generally embraced, besides such reduction, an advance of pay, and has thus contemplated, in effect, two advances in wages. The spirit in which this, their main object, is pursued, may be inferred from the following resolution, adopted in the General Convention of Trades' Unions held August, 1834 :

“Resolved, that we recommend to the several Trades' Unions in the United States to oppose resolutely every attempt to reduce their wages, and to hold fast any additions they may receive.”

It thus appears that the rate of wages paid through the country in August, 1834, was to be adopted by the Union as a *minimum*, below which no reduction should take place ; while an advance was to be the object of their strenuous and unceasing exertions. To give effect to such exertions in the last resort, the great instrument relied on, as our readers must be aware, is a *strike*, i. e., a general and protracted refusal to labour. The Union having fixed on certain terms as the workmen's ultimatum, give notice to the employer, and apprise him that his men will leave him unless these terms are complied with. In case he declines, measures are immediately taken to secure the co-operation of journeymen who do not belong to the Union ; the strike ensues ; an extraordinary tax is levied on the members of other trades, and on those of the same trade in other places ; and the proceeds, after paying the expenses of management, &c., are applied to the relief of the unemployed. In this way the strike is sometimes maintained for months together, and is at length terminated by a compromise between the parties, or by the submission of one of them.

That the wages of labouring men ought to be high—as high, indeed, as the general welfare will allow—must in this country be conceded by every one. To attempt to raise them higher, and advance the labourer at the expense of other classes, would not only be unjust, but would surely terminate in injuring him. It becomes important, then, to ascertain what are *high wages* ?

It is evident that this question cannot be answered by a mere reference to the money rate of wages ;

to their rate, that is, when computed in dollars and cents ; and this for the obvious reason that a given number of dollars and cents is *at one time worth more than it is at another*, because it will give us a greater command over the comforts and necessities of life. It is to this that we are to look for the true measure of wages. Money is valuable only as it enables us to procure the purchaseable means of gratification ; and if these decline in price, it is evident that the amount in money paid for our labour might be reduced in the same proportion, and yet our means of enjoyment remain unchanged. When we inquire, then, whether wages are high, we merely inquire whether they enable the labourer to procure a liberal supply of the requisite enjoyments. He might, in fact, be improving in his relative condition, notwithstanding a fall in his wages, provided there was a yet greater fall in the commodities which he has to purchase ; while, on the other hand, no rise of wages would benefit him, if the expense of subsistence were at the same time advancing in an equal or a yet greater proportion.

Now it is well worthy of remark, that the direct tendency of the operations of Trades' Unions is to advance the expense of living, materially, to the labourer. In raising the wages of workmen in the different trades, they must advance the price of the articles which those workmen manufacture, and thus levy an indirect tax upon all who consume them, of which class they themselves form the largest proportion. Through the agency of these Unions, the carpenter, it is true, may secure increased compensation for his labour ; but, then, instead of being suffered to retain it, it will be well if

he be not required to disburse all of it, and even more, to his landlord, tailor, hatter, and shoemaker, in the shape of additions to their prices. That which he has to sell may by such means be made to bring a higher price ; but so in like manner, and for the same reason, will that which he has to buy. There never was a greater error than to suppose that wages can be regulated in one trade irrespective of the rate which they bear in others.

Whether wages in the United States are high, may be ascertained, in part, by comparing the means of subsistence and enjoyment which our mechanics can command with those possessed by the same class in other countries ; but more completely by comparing them with the wants of man as an intellectual, social, moral, and progressive being. By the former of these methods we shall at once discover that the condition of American workmen is such as to render them the envy and admiration of their brethren in every other land. By the latter we shall find that scarcely anything is required for happiness, improvement, or usefulness, which is not attainable by the labouring population of the United States. How easily do they procure the shelter of a comfortable roof, and an abundant supply of wholesome food and raiment ? How moderate a share of prudence and industry is yet sufficient to authorize the labouring man to charge himself with the care of a rising family, and thus to secure a happiness and a measure of moral improvement to be found only amid the duties and charities of domestic life ? Who among them has not leisure (if he is disposed to improve it) for the cultivation of his mind, by reading and

reflection, and by intercourse with others. Besides providing for his daily wants, who may not store away something against the time of sickness and old age, and gather a little capital with which to couple his skill and energies? And then, has he not, in common with the most affluent, freedom of conscience, the unshackled privilege of forming and uttering his own opinions, the equal protection of the laws, and the solemn restraints, and high incitements, and holy hopes of the Christian's faith? Could the factious and discontented be induced to reflect dispassionately on their condition, they could not but feel, that if with such advantages they are not happy and enlightened, and virtuous too, the fault must be their own. They would see reason to fear, that if with the wages which they receive now they are restless and dissatisfied, yet higher wages would only tempt them to idleness and prodigality. It is a melancholy truth, that in every country the best paid workmen are usually the most thriftless and irregular. We do not mention this fact as an argument against the advance of wages, but as a proof that the highest welfare of the labouring classes depends, after all, upon themselves; and that, without virtuous principles and habits, no increase of compensation can either enrich or elevate them. We see multitudes among us who, from the humblest beginnings and with low wages, have yet risen, by dint of honesty and perseverance, to wealth and distinction. We see multitudes also who, with every advantage of high wages and powerful friends, have yet sunk, for the want of these qualities, to the lowest degradation; and we conclude that, in this country

at least, labouring men want nothing so much as to be true to themselves.

It must be admitted, we think, that the wages usually paid in the United States put the labourer in possession of those advantages which are most to be desired in a world like ours. There may be places where, owing to the rapid growth of the population, and the consequent demand for tenements and subsistence, the expense of living has increased in a greater ratio than wages. But, generally, the price of labour in this country is as high now as it was forty years since; and if we compare the average money rate of wages for the last fifty years with the average prices of food, clothing, &c., we shall see reason to infer that the relative condition of the labouring population has improved. While the orators of the Union would persuade the workman that the encroachments of capital are constantly advancing, and that he is fast sinking to a condition of "white slavery," worse than that occupied by the bondmen of the cotton-field or the sugar-plantation, facts prove that he is participating in the progress of the age; and that those changes in the right of suffrage which have enlarged his political influence, are but an index to the increased facilities which he enjoys for improving his social and moral condition.

Still, these facilities admit of yet farther increase. The great question, then, remains, are Trades' Unions calculated to secure such increase? Are they so constituted as to promise any real and permanent advancement to those who unite with them, and that without injury to others? We say without injury to others, because the first requisite, in

every effort to advance the interests of a class, must be that it does not infringe violently on the rights or interests of other classes. We are thus brought to consider the bearing which these associations are likely to have, first, on the welfare of those not members ; and, secondly, on the welfare, and particularly on the rate of wages, of those who are members.

VII. EFFECTS OF COMBINATIONS ON THOSE NOT MEMBERS.

On the first point, we propose to show that a degree of injustice is involved in the very conception of Trades' Unions, and that they can be maintained in no way without interfering with the rights of other and important classes of the community.

1. In the *first* place, the rights of *employers* are invaded by these associations. They are not permitted to negotiate with their workmen on terms of equality. They can do it, in times of excitement, only through the medium of an irresponsible but by no means impartial body : a body, indeed, whose interests and whose prejudices are entirely at variance with their rights. Measures are always taken, at such times, to prevent the employer from supplying the places of those who, under the protection of the Union, demand an advance of wages ; and he is thus reduced to the necessity either of closing his works, or of yielding to demands which he feels to be oppressive.

The employers' rights are still farther invaded by the measures of these Unions, because they tend to disturb the proportion which ought to sub-

sist between the cost of producing articles and the price of selling them. By raising the wages of the labourer, we raise, of course, the prime cost of the article which he is employed in making; and by resolving, as was done in the Trades' Convention of 1834, that these advanced wages shall be continued, we resolve to charge the employer for ever with this increased cost. But how can we ensure him that the prices at which he can dispose of these articles shall not, in the mean time, decline? Perhaps he can, at present, secure but a moderate profit; and yet he is to be compelled by the Union not only to advance the wages of his workmen, but to do it the very moment the value in market of the articles which he produces may be depreciating; and the institution which would apply such compulsion claims to be the great and almost exclusive champion of *equal rights*! Let us suppose that the Legislature of the State of New-York should enact that no journeyman shall receive more than one dollar per day for his labour, nor be employed less than twelve hours. Are the hardy operatives of the shop and the mill prepared to submit to such a decree? Who does not know that they would swell the cry of resistance from one end of the land to another, and that legislators who should presume thus to intermeddle between journeymen and their employers, and to stand in the way of the largest liberty and prosperity of the working classes, would have to bid a long farewell to all hope of popular favour! But if the Legislature has clearly no right to prohibit workmen from receiving *more* than a certain sum, what right can the Union have to prohibit masters

from paying *less* than a certain sum? Who gave to the Union, more than to the Legislature, the prerogative of fixing a tariff of wages, and decreeing when and how it shall be altered? There is between these two cases no difference, except that the one has been attempted only by the legislatures of dark ages,* the other is attempted by the Unions of the 19th century. The one was rank injustice towards the labourer, the other is injustice no less rank towards the employer. It is, in truth, the very same principle, abandoned by the enlightened capitalist to be taken up by the uninstructed and misguided workman. May we not hope, that, in the progress of society, he too will be brought to see its injustice in regard to others, as well as its flagrant impolicy in respect to himself?

2. Trades' Unions, in their zeal to promote the interests of mechanics, encroach also on the rights of the *agricultural class*. In advancing the wages of the operative mechanic, they enhance the cost to the husbandman of his tools, shoes, hats, &c.; while they do nothing by advancing his own wages to enable him to meet this enhanced cost. The remuneration which he receives for his labour is already lower in proportion than that paid to any description of journeymen, and the measures proposed by Trades' Unions must, if carried out, have the effect of imposing upon him yet more grievous disadvantages. It should always be considered

* A statute of 1496 in England, prescribes the wages which should be paid to labourers of various kinds, and provides that if any unemployed person refused to serve at the above wages, he might be imprisoned till he found sureties to serve according to the statute.

that farm-labourers, scattered as they are over a country, have no facilities for combination, and can have no hope, therefore, by concert and co-operation, to force an advance of wages.

3. The measures taken by Trades' Unions compromise still more seriously the rights of *non-associated workmen*. Whatever right the members of such associations possess to fix a price upon their labour, and to do it, too, by combination, ought surely to be enjoyed by an individual labourer acting only for himself. If he chooses to work at rates lower than those which they have prescribed, he does it in the exercise of a liberty of which they have furnished a striking example. It may be true that the wages which he accepts are very low; but of that, may he not judge for himself? It may be true, too, that, by accepting such wages, he indirectly injures others; but will that authorize the Union to compel him, by refusing them, to injure himself, perchance to starve his family? Here is the radical error and vice of these combinations. They demand for themselves what they will not concede to others. "From early morn to dewy eve" they clamour for the right of making their own terms with employers; they dilate upon the wrongs which are heaped by these employers on them—the weaker party; when they are themselves busy in bringing the whole power of a secret and irresponsible confederacy to bear upon the poor workman, merely because he demands a similar right for himself. An association which, more than any other, cries out against oppression, and that, too, the oppression of the poor, is engaged at every strike in perpetrating, towards the

most meritorious of the poor, an oppression of the most unrelenting character. To prevent industrious men, charged with families, and needing for their support all the fruits of incessant labour, from filling places made vacant by turn-outs, every expedient which ingenuity and malice can invent is appealed to. If possible, such men are cajoled by fair words; if these fail, they are threatened; and if that does not succeed, they are then overwhelmed with all the violence of a vulgar and relentless persecution. However inoffensive, they are assailed on their way to work. They are beaten—maimed, perhaps incurably—oil of vitriol is thrown in their eyes—in some instances they are made blind for life—in others killed.* All

* The following extracts will show what a spirit pervades these associations both in Great Britain and the United States. Says Mr. George Rogle, when on oath before the British Parliament: "I have had several turn-outs. I will relate the circumstances of the last, which took place on the 16th of October, 1830, and continued till the 17th of January, 1831. The whole of our spinners, whose average (weekly) wages were 2*l.* 13*s.* 5*d.*, turned out at the instigation, as they told us, of the delegates of the Union. They said they had no fault to find with their wages, their work, or their masters, but the Union obliged them to turn out. The same week three delegates from the Spinners' Union waited upon us at our mill, and dictated certain advances in wages and other regulations, to which, if we would not adhere, they said that neither our own spinners nor any other should work for us again. Of course we declined, believing our wages to be ample, and our regulations such as were necessary for the proper conducting the establishment. The consequences were, they set watches on every avenue to the mill, night and day, to prevent any fresh hands coming into the mill, an object which they effectually attained by intimidating some, and promising support to others (whom I got into the mill in a caravan) if they would leave their work." Mr. Graham, another witness, adds: "They will abuse anybody that comes in the most shocking manner, even to taking their lives if it were necessary. Within a week before I left

this has been done, over and over again, as an appropriate and necessary step in that series of

Glasgow, they beat a person, and he came back to the work frightened and alarmed, and he was obliged to go out. Some years ago there were several people almost destroyed by vitriol being thrown upon them by combined men."

The New-York Journal of Commerce of February 26, 1836, has the following: "On the 23d instant, the riggers and ship-labourers turned out in large numbers, and went about the wharves in a body, compelling such of their profession as they found at work to quit the business in which they were engaged. Almost simultaneously, a squad of day-labourers of another description, chiefly foreigners, went through the burned district, compelling their fellow-labourers about the premises to quit work, because they were receiving \$1 a day instead of \$1 25, which these imported dictators had determined was the rightful sum."

In the New-York American of about the same date we find the following: "A seafaring man, from exposure to severe weather, was, on his arrival in port, sent to the city hospital, where his general health was restored, but both feet were lost. Being cured, he could no longer, by the rule of the hospital, be kept there; yet to send him forth such a cripple was to consign him to starvation. Some of the governors, therefore, caused artificial feet to be made for him at a cost of 70 dollars, and then, as he said he had been accustomed on shipboard to handle the sail-needle, obtained employment for him with a sailmaker, and placed him in special charge of the foreman of the loft, with the request that he might be suffered to earn whatever he could. The cripple, happy and grateful, went to his new trade, and for two days was unmolested, as was his employers; and it was ascertained that by such work he could earn enough to keep him above want. On the *third* day, a deputation from the Trades' Union went to the sailloft—forbade the employment of that helpless sailor—forbade him; in like manner, to work—and he was obliged to relinquish the place. The governors of the hospital received him back within their walls, or he would have been left without a meal or a place to lay his head."

We add one more case. "In March, 1836, a number of journeymen granite cutters, not members of the Union, were obliged to combine in order to protect themselves against its machinations. In their manifesto they declare that the Unions had formally proscribed all journeymen who refused to join or co-operate with it; had undertaken to prevent such journeymen from obtaining employment in any town in the United States

measures which was to end in a triumph over the employer. We are aware that it is often said that these outrages are not to be charged upon the Society; that they are the unadvised acts of individuals misled by passion, and perhaps not connected with the Union. But who will point us to a protracted strike which was unattended with such outrages? or who will say that it is not to protracted strikes that the Union, when engaged in a controversy with employers, always makes its ultimate appeal? Indeed, who does not see that these acts of violence are the natural result of doctrines and suggestions so incendiary as are those industriously put forth by the orators and presses of the associations? What better could be expected from men who are incessantly taught that they are cheated and trodden on; that their employers riot on the hire which has been kept back by fraud from them; and that, unless they rise in their strength, and quickly too, they must be irredeemably enslaved?

4. The policy of 'Trades' Unions is at war with the rights of young men about to enter the trades as *apprentices*. Early in life it devolves on every young man to make choice of his profession; and it is a choice not only important, but, on many ac-

where 'Trades' Unions were established; had, to use their own phrase, *nullified* two yards, because their proprietors had refused to discharge a foreman at the bidding of the Union; had threatened death, tar and feathers, battery, and every species of personal indignity, to those who might presume to labour in those yards; and, to intimidate strange journeymen, had declared that, unless they acquiesced, they would for ever be objects of persecution; had seduced apprentices from the *nullified* yards, and forced them as journeymen upon others; and that such proceedings had caused contracts to the amount of \$250,000 to be removed to other states."

counts, eventful. In this country, it has been thus far the peculiar privilege of our youth that they have had the "world before them where to choose." They have been subjected to no galling restrictions, like those which prevail in other lands,* and which

* "When you consider that no man can be a master printer in France without a license, and that only eighty licenses were granted in Paris, it is by no means wonderful that the journeymen, forbidden by law to set up for themselves, and prevented by the power-presses from getting work from others, should be deeply dissatisfied.

"In England it is exceedingly difficult for a mechanic to get what is called a settlement in any town except that in which he was born or where he served his apprenticeship. The resort of mechanics from place to place is permitted only on conditions with which many of them are unable to comply. The consequence is, they are obliged to stay where they were born, where, perhaps, there are already more hands than can find work ; and, from the decline of the place, even the established artisans want employment.

"In other countries, singular institutions exist, imposing oppressive burdens on the mechanical class. I refer now more particularly to the corporations, guilds, or crafts, as they are called ; that is, the companies formed by the members of a particular trade. These exist with great privileges in every part of Europe ; in Germany, there are some features in the institution, as it seems to me, peculiarly oppressive. No one is allowed to set up as a master-workman in any trade unless he is admitted as a freeman or member of the craft ; and such is the stationary condition of most parts of Germany, that I understand that no person is admitted as a master-workman in any trade, except to supply the place of some one deceased or retired from business. When such a vacancy occurs, all those desirous of being permitted to fill it present a piece of work, executed as well as they are able to do it, which is called their master-piece, being offered to obtain the place of a master-workman. Nominally the best workman gets the best place ; but you will easily conceive that, in reality, some kind of favouritism must generally decide it. Thus is every man obliged to submit to all the chances of a popular election whether he shall be allowed to work for his bread, and that, too, in a country where the people are not permitted to have any agency in choosing their rulers. But the restraints on journeymen in that country are still more oppressive. As soon as the years of apprenticeship have

debar the young adventurer from various privileged crafts, and confine him, moreover, to one place of abode. As they have been left free to make themselves masters of any preferred trade, so they are at liberty to prosecute it, in whatever way and at whatever place they may desire. And to this fact we ought, doubtless, to attribute much of the unparalleled enterprise and prosperity of our country. Mr. Gallatin, than whom, perhaps, no one now living is more capable of forming, on this point, a correct opinion, uses this language: "No cause has, perhaps, more promoted in every respect the general improvement of the United States, than the absence of those systems of internal restriction and monopoly which continue to disfigure the state of society in other countries. No laws exist here directly or indirectly confining men to a particular occupation or place, excluding any citizen from any branch he may at any time think proper to pursue. Industry is in every respect free and unfettered; every species of trade, commerce, and professions and manufacture being equally open to all, without requiring any regular apprenticeship, admission, or license. Hence the improvement of America has led not only to the improvement of her agriculture, and to the rapid formation and settlement of new states in the wilderness, but her

expired, the young mechanic is obliged, in the phrase of the country, to WANDER for three years. For this purpose he is furnished, by the master of the craft in which he has served his apprenticeship, with a duly authenticated wandering book, with which he goes forth to seek employment; and three years must be spent in this way before he can be anywhere admitted as a master."—*Essay on the importance to practical men of Scientific Knowledge, &c.*, by Edward Everett, 1831.

citizens have extended her commerce to every part of the globe, and carry on with complete success even those branches for which a monopoly had heretofore been considered essentially necessary."

Now we object to 'Trades' Unions that they tend to destroy this freedom, which is the birth-right of our people, and the great spring of their prosperity ; and to substitute for it a system of restrictions more odious than any known in the rotten boroughs of England or the trading guilds of Germany. Journeymen perceive that, if their number were reduced, or if their masters, instead of employing a large proportion of apprentices, could be compelled to employ only journeymen, or a much larger proportion of them, the inevitable effect would be to increase the demand for their services, and by this means to raise their wages. Hence the Unions propose to limit the number, sometimes of journeymen, but, more commonly, of apprentices ; and to allow no apprentice to become a journeyman till he shall have passed through a protracted term of service. We are aware that the American Unions have not in all cases avowed this policy, and that many of the more reflecting members condemn it. We should be amazed, indeed, if they were prepared deliberately to transplant to this free and generous soil the remnants of a barbarism which can hardly be maintained in any government of Europe. Yet, averse as they may feel to it, they will be constrained, like their predecessors on the other side of the Atlantic, to give it place. "I was not aware," says a factory commissioner in Scotland, "until I was engaged in the investigation at Glasgow, that the operatives

there have so completely organized their association as not only to prescribe the wages to be paid to the members of the association, but to all other persons, from whatever quarter they may come ; that, farther, *no male worker, not entered with them, is allowed to work at all* without their consent and the concurrence of the association ; and never without making a payment to them at the beginning, and continuing a weekly payment at the same rent as their own afterward : that females, however able, are not allowed to become spinners, or to be engaged as such ; and that it is hardly in the power of a piecer, that is, of an assistant to a spinner, to learn the business of a spinner unless he is related to a spinner who will bring him forward ; that, in short, the object of the Glasgow Association is to make their company A CLOSE CORPORATION, accessible only to those whom they choose to admit, and not only to prevent all others from becoming spinners by their regulations, but, by a system of intimidation, which they successfully carry into execution, absolutely by physical force." That the same system has been pursued to a considerable extent by many of the associations in this country, is evident to every one acquainted with their proceedings, and must be apparent, indeed, from the facts which we have already stated. It cannot be necessary for us to insist that it involves an infraction of the rights of young men, and an injury to the community even more flagrant than those occasioned by the ancient restrictions still maintained in Europe. The latter originated at a period when the trades needed some peculiar privileges to enable them to command the services of a sufficient number of

workmen, and to make the requisite improvements. They are clearly defined by law, and cannot be stretched to suit the pleasure of any association ; least of all, to suit the pleasure of an irresponsible combination. The former, on the contrary, are unnecessary ; and they are so entirely vague, and applied by men so far beyond control, that there is not only room for, but constant invitation to abuse. When such attempts to fetter industry are made by an organized association in this age and in this land—made, too, by men whose warcry is *liberty*, and who are always denouncing the oppression and hoary corruptions of the Old World—one cannot but recall the language of a great statesman when speaking of a kindred topic : “Seldom,” says he, “have two ages the same fashion in their pretexts, and the same modes of mischief. Wick- edness is a little more inventive. While you are discussing the fashion, the fashion has gone by. The very same vice assumes a new body. The spirit transmigrates ; and, far from losing its principle of life by the change of its appearance, it is renovated in its new organs with the fresh vigour of a juvenile activity. It walks abroad, it continues its ravages, while you are gibbeting the carcass or demolishing the tomb. You are terrifying yourselves with ghosts and apparitions, while your house is the haunt of robbers. It is thus with all those who, attending only to the shell and husk of history, think they are waging war with intolerance, pride, and cruelty ; while, under colour of abhorring the ill principles of antiquated parties, they are authorizing and feeding the same odious vice in different factions, and perhaps in worse.”

We have thus far spoken of the *injustice* involved in the very conception of 'Trades' Unions, and the still greater injustice perpetrated by them in their course of operations. And, of itself, this would seem sufficient to seal their condemnation. However efficient these associations might be in advancing the working classes, it is a fatal objection that they can do so only by inflicting injury on the community at large. How much more obnoxious, then, must they be to condemnation, if we succeed in proving, as we propose to do, that they must fail even in this, their most cherished end; and that, instead of promoting the pecuniary interests of working men, they must ultimately and seriously interfere with those interests. This constitutes our *second* objection to 'Trades' Unions; that they are working their own discomfiture by contributing to reduce, rather than increase, the appropriate influence of the industrious classes.

VIII. EFFECTS OF COMBINATIONS ON MEMBERS.

They do this by disregarding a great and fundamental law of economics; by arraying, indeed, the whole force of that law against the pecuniary welfare of the labouring man. Men are strong just in proportion as they understand and respect the inviolable and resistless laws of Nature, which are nothing less than laws of God. While they enlist such laws in their behalf, they are mighty. When they undertake to thwart and resist them, ultimate defeat is certain. Now the great law which must regulate the wages of all labour is found *in the proportion between supply and demand*; or, in other words, *between the number of labourers*

and *the quantity of employment*. If there be many labourers and little employment, as in some older countries, wages will be low, because workmen, in their competition for employment, will underbid each other. If, on the other hand, there be much employment and but few labourers, wages must, for a corresponding reason, be high; since employers will compete for hands, and, consequently, overbid each other. If the number of labourers should be sufficient to meet the demand, wages in such case would be high or low, according to the productiveness of the employment, or, in other words, according to the amount of profit yielded by it to the employer. If the number of labourers become a little too great for the demand, wages must be depressed, and that depression, being attended by a kind of *panic*, will generally be too sudden and great; whereas, if the quantity of employment be a little too great, there will, for a similar reason, be too great and sudden a rise.

But little reflection is necessary to show that this law must govern the rate of wages, in spite alike of masters and men. Nothing can prevent them from fluctuating but a combination of masters and men against the community, for the purpose of regulating both the supply and the demand. It is by no means in the power of the employers, as the labourer may suppose, to prevent an occasional fall in wages, any more than it is in the power of a grocer to prevent the commodities in which he deals from sometimes falling. A grocer, doubtless, would like at all times to obtain for such commodities the very highest price which was ever paid for them. But he well knows that this is im-

possible: when the market is overstocked, and every dealer is anxious to sell, nothing, it is evident, can prevent a decline in prices but a combination among merchants throughout the country; and such a combination would be justly regarded by the public as little better than robbery. Hence the merchant consoles himself, even though he sells at a loss, by the reflection that the same law which induces this loss, will presently yield him, in another quarter, a corresponding gain. Who would not resist, as equally inexpedient and unjust, any attempt to fix at an unalterable rate the price of tea, sugar, or flour? And who does not see that the same principle must hold in regard to the price of labour? Suppose there is employment for but *eighty* hands when *a hundred* are in quest of it; must *twenty* of these hundred be left unemployed, to starve, that the remaining *eighty* may receive full wages? Thus we are brought to the conclusion, that if wages are too low, they can be raised permanently only by diminishing, on the one hand, the supply of labour, or by raising, on the other hand, the demand for it. Now we object to combinations and turn-outs that they are not calculated to do either; nay, that in most cases they do, with respect to each, precisely the reverse; and thus tend in two ways to aggravate the difficulties under which journeymen mechanics are said to labour. Instead of lessening the *supply* of labour, they increase it; and, instead of increasing the *demand* for it, they lessen that demand. This is an important point.

I. Combinations and strikes tend to increase the *supply* of labour, and by that means to *diminish*

wages. For a brief season these strikes may be successful, and may occasion an advance in wages. Employers are unwilling to contend. It is against fearful odds in respect to numbers, while it tends to interrupt their business and occasion severe losses; and they submit, therefore, in the hope that relief may soon present itself. Now what must be the effect of the advance in wages which is thus gained by the workman? Previously higher than wages in other countries, or in other pursuits in our own country, this advance makes them a still more tempting mark. The consequence is, that more foreign mechanics are attracted to our shores to compete with domestic labour; more young men are induced to abandon their farms, and throng our towns and cities in order to learn trades. And, farther, since these Unions operate with the greatest power and success along the seaboard, workmen linger there, waiting a rise of wages, and carrying out a contest with masters, when their own welfare and that of the country is loudly inviting them to the West. Thus the very success in which the Union glories, soon raises round its members a large crowd of competitors, and prepares the way for a humiliating reverse.

Such reverse can be averted in but one way, and that is, by converting each trade into a close corporation; putting up at its entrance barriers over which no one shall be allowed to pass except with the consent of its members. But this can never be accomplished in America. It is too repugnant to the spirit of the people. Indeed, the very foreigners who come here to establish Trades' Unions, and enlighten us in regard to our liberties

and rights, would be the first to denounce such an attempt; while the great law which must always cause supply to follow demand, would be sure to defeat it. Still the attempt may, and, doubtless, will be made; serving for a while to throw embarrassments in the way of the young and enterprising, but recoiling at last on its misguided authors.

II. The only circumstance which could counteract this tendency in Trades' Unions to occasion a decline of wages, would be found in the fact that they *increase* the demand for labour, and that they do this in a greater degree than they increase the supply. Should it appear that such is, indeed, their influence, then may they repair the evil which they must otherwise occasion, and even leave the country better by their establishment. But what, in this respect, is the fact? We affirm that the whole tendency of strikes and Trades' Unions is to *lessen* the demand for labour, even while they add to the supply.

They do this in *four* ways:

1st. *They lessen the ability of the community to buy the products of labour.* The demand for any one of these products must depend, of course, on the number of individuals who desire it, and who possess, at the same time, the ability to purchase it. This number is diminished by turn-outs and combinations in three respects.

(a) A feeling of indignation is awakened, which determines many persons to dispense with an article altogether rather than submit to expedients for enhancing its price, which they dislike.

(b) Again: since raising the wages of those who are employed in producing an article usually

raises its price, it must have the effect of placing that article beyond the reach of multitudes who previously felt able to procure it, or, in other words, lessens the *demand* for it. On the other hand, a fall in the price of any desired article multiplies purchases, and may thus be the means of advancing, for a season, the wages of those who produce it.

(c) But a much more important consideration is, that strikes, by throwing labourers out of employment, and by converting them, for a time, into mere consumers, contribute much to lessen the whole amount of wealth in the community, and, of course, to lessen its ability to buy the products of labour. If one hundred men, whose services are each worth a dollar per day, turn out, and continue unemployed for thirty days, it is obvious that the community suffers a clear loss of \$3000, which falls in part on the labourer, in part on the employer, and in part on the public generally. In truth, the total loss must amount, as we shall perceive hereafter, to much more than this sum; and it evidently goes to diminish, by its whole amount, the ability of those who have been accustomed to buy the products of labour to buy farther. If the example of these men were to be followed by all labourers, so that the whole community did nothing to reproduce, but became mere consumers, it is obvious that all property would in the end be destroyed, and there would be no capital either to employ labour or to purchase its products. And the effect which would thus ensue on the cessation of all labour, must inevitably ensue in part wherever there is a suspension of labour. It tends, by impoverishing a people, to lessen the number of buyers, and, of

course, to diminish the demand for productive industry.

2d. *Combinations and strikes lessen the demand for labour, by lessening the number and ability of employers.*

(a) The number of employers in any trade, i. e., the number of persons who invest capital and talent in it, will be proportioned to the *ease, certainty, and extent* with which profits can be gained. Now all three of these are diminished by strikes. Business can be conducted with little ease or certainty when we are liable every week to have a contest with our workmen: a contest in which our operations are suspended, our feelings harassed, and, perhaps, most important interests sacrificed. Hence those already in business are often led by these controversies to embrace the first opportunity of escaping from it; and others who are looking round for a safe and agreeable investment, are careful to shun one which is liable to such convulsions. We have heard of several cases in which large amounts of capital have been withdrawn from Great Britain merely on account of the losses and vexations occasioned by Trades' Unions;* and we doubt if any employer ever

* "The practical examples which I could cite of detriment to operatives from unreasonable or unjust pretensions, are numerous. A considerable number of lace-frames were removed from Nottinghamshire to the western counties in consequence of the combinations of workmen. In the 4th Parliamentary Report respecting Artisans and Machinery, it is related that one of the partners of an extensive cotton factory at Glasgow, fettered and annoyed by the constant interference of his work-people, removed to the State of New-York, where he re-established his machinery, and thus afforded to a rival community at once a pattern of our best machinery, and an example of the best

passed through the difficulties incident to a protracted strike without conceiving a thorough disgust for the place and for his business. Does this augur well for the workman? In diminishing the number of employers, does he not diminish the demand for his own labour? Suppose the branch in which he is skilled should become the abhorrence of all capitalists, so that no one could be induced to invest in it. Would it not be fatal to him? How but injurious can it be, then, to render it odious to many or to a few of them? We should suppose that prudent men, who looked beyond the gratification of silly passion to a permanent improvement of their condition, would desire to commend their business and themselves to the good-will of every capitalist throughout the land.

If we consider strikes as they operate on the *extent* of profit, we shall find that the effect is the same. They tend, and may be said to aim, to reduce the profits of the employer; to transfer a portion of them from his pockets to those of the workman. Now we do not contend that employers receive, in no case, too large a proportion of the proceeds of a business; that they in no case prosper at the expense of the employed. But we do say that it is by no means the interest of the workman to reduce greatly the master's profits. There never was a greater error than to imagine that large profits are incompatible with high wages, and that we can maintain the latter only by depressing the former. The reverse is rather true;

mode of using it. The croppers of the West Riding of Yorkshire, and the hecklers or flax-dressers, can 'unfold a tale of wo' on this very subject."—Wade's History of the Working Classes, p. 282.

for, let it be considered, what must be the natural effect of high profits? Evidently it must be to attract other capitalists into the business, thus to multiply employers, and, by exciting a competition among them in their demand for labour, to raise wages. On the other hand, depress profits, and you drive many from the business, while you deter others from entering it. Facts demonstrate the truth, as argument does the reasonableness, of this doctrine. In no country has the employer and the capitalist received larger returns than in this, and in none has the labourer received higher wages. As, on one hand, capital increases in a country in proportion to the profits received from trade, manufactures, &c., so, on the other, whenever it increases faster than the population, the demand for labour will constantly rise faster than the supply, and the rate of wages, reckoned by the comforts over which they give the workmen command, will gradually, though perhaps slowly, increase. Such has been the case in this country, as Mr. Carey has shown at length in his work on Wages. Though there may be causes in particular places or countries, such as excessive competition, a sudden rise in rents or taxation, to counteract the operation of this law, yet its truth stands unshaken, and has received among us the amplest confirmation.

(b) Thus, then, do strikes contribute to lessen the demand for labour, and, by consequence, the rate of wages, inasmuch as they lessen the *number* of employers and the amount of capital invested in a trade. They tend yet farther to the same result by lessening the *ability* of employers. By every strike the whole community suffers loss.

Not an individual escapes. The workman is the greatest loser in proportion to his means. The employer is vastly the greater loser in amount. He loses interest on the capital which he has invested in machinery, materials, &c., for a period equal to the continuance of the strike. He loses by the injury which this machinery and material suffers from lying unemployed. He loses yet farther by having his plans frustrated, his contracts rendered void, and, perhaps, his credit shaken or ruined. It is not to be denied that strikes do give to workmen a great and fearful power over the welfare and prosperity of employers. But it is a power which they no sooner wield than it recoils with redoubled and fatal violence upon themselves. Workmen sometimes exult in the fact that they can ruin their masters. But would it not be wise for them to consider whether, in striking that blow, they do not strike also at the foundation of their own prosperity? Suppose the work of ruin should advance until all employers were prostrated, and all capital destroyed or driven from their branch of business. Would it be a victory to triumph over? Would not the very same note that sounded that victory, sound yet louder the knell of their own best hopes? Where would the men be, if there were no employers to hire and pay them? And if the ruin of all the employers would inevitably be the ruin of all the men, then surely the ruin of some of the employers can hardly redound to the advantage of *any* of the men.

It should never be forgotten, that the rate of wages must always depend on the ability of the community in which the labourer lives, first to

produce, and then to buy, the fruits of his industry ; and that, since strikes tend directly to lessen such ability, they must, in the end, lessen the demand for labour, and, of course, its wages. There is another way, also, in which this same tendency must manifest itself. Much of the industry of this country is employed in competing with foreign industry, i. e., in producing articles like those which foreign nations pour in upon us ; and, of course, this industry can be sustained only so long as it furnishes the native commodity at a rate cheaper than that which must be paid for an imported one of the same quality. But any material advance in the wages paid to workmen would render this impossible ; employers would find it necessary to abandon such branches of business, and the workman would be left without occupation.

3d. There is another way in which strikes and combinations tend to depress wages, and that is, by the *introduction of machinery*. We are far from believing that machinery has any permanent tendency to injure the labouring classes or to diminish the demand for labour. On the contrary, we believe, and all experience proves, that by cheapening the products of labour, and thus increasing the demand for them, such improvements ultimately put in requisition more hands than they suppress. Still it must be admitted, that the immediate effect of substituting automatic for manual labour is to throw a number of men out of employment ; and, by overstocking the market of labour, to occasion a temporary depression in wages. And it is this immediate effect of machinery which labourers so much dread. Having neglected, in many cases, to make

provision for the future, they can ill afford to wait for remote, and, as they think, impossible advantages ; and hence the deep dislike and alarm with which they contemplate any proposed invention. Now the point to which we would ask the particular attention of the 'Trades' Union is, that by combination and strikes they inevitably multiply such inventions. Proprietors who have been once subjected to the dictation of their men, will be found most anxious to replace those men by agents that can neither *strike*, nor *tire*, nor *murmur* ; by agents, too, that move with a precision and a power unattainable by man. If such agents have not yet been devised, science will be laid under contributions to furnish them, and money will be paid freely, and even lavishly, to quicken the flagging steps of invention. It is a fact, which ought to be imprinted on the minds of these men, that some of the noblest triumphs of modern art have had their origin in the oppressive and disorderly combinations of workmen ; and that scarcely one memorable strike has taken place in Great Britain within the last twenty years, that did not give rise to the introduction of new and important labour-saving machinery.*

* "During my late residence among the factories, several facts illustrative of the injuries inflicted on their own body by the Unions pressed themselves on my consideration. The fine spinners in Manchester, who have long enjoyed the highest wages of almost any class of workmen in the world, and are still, as we have shown, liberally paid, were the first who began to exercise control over their masters, and to convert their trade into an exclusive corporation in the rotten-borough style.†

† "I recollect a turn-out in 1802, which lasted from fourteen to fifteen weeks ; that was for wages ; and at that time a good mule-spinner could obtain 60s. (£14 to 15), and the turn-out was among them, as it always

4th. We have thus pointed out several ways in which these associations would ultimately operate

The masters finding, after many struggles renewed from time to time, that a reduction of wages commensurate with the fall in the price of goods could not be effected, had recourse to an expedient which the workmen could not decently oppose, because its direct tendency was to raise, or, at least, to uphold the wages of each spinner, although it diminished the numbers necessary for the same quantity of work. This expedient consisted in enlarging the spinning-frames, so that one spinner comes to manage a pair of mules containing from 1500 to 2000 spindles, and to supersede the labour of one or two companion spinners. I am well assured that, but for the extravagant pretensions of the ruling committee, this catastrophe would not have befallen the operatives for many a day to come, for two reasons; because, first, the extension of the mule is a very costly affair; and, secondly, it requires the line of spindles to be placed parallel to the length of the apartments instead of their breadth—the position generally designed, and the one best suited for throwing light on the yarns.”

So in the factories for spinning coarse yarn for calicoes, fustians, and other heavy goods. “During a disastrous strike at Hyde, Stayley-bridge, and the adjoining factory townships, several of the capitalists, afraid of their business being driven to France, Belgium, or the United States, had recourse to the celebrated machinists, Messrs. Sharp and Co., of Manchester, requesting them to direct the inventive talents of their partner, Mr. Roberts, to the construction of a self-acting mule. The problem did not puzzle him long; for, to the delight of the mill-owners, who ceased not to stimulate his exertions by frequent visitations, he produced, in the course of a few months, a machine apparently instinct with the thought, feeling, and tact of an experienced workman. The news of this *iron man*, as the operatives fitly called it, spread dismay through the Union; and, long before it left its cradle, so to speak, it strangled the Hydra of misrule.”

“Another illustration of this truth occurs in modern calico-printing. In the spirit of Egyptian taskmasters, the operative printers dictated to the manufacturer the number and quality of the apprentices to be admitted into the trade, the hours of their own labour, and the wages to be paid them. At length capitalists sought deliverance from this bondage in the resources of science; and the four and five colour machines, which now

has been; those who get moderate wages never turn out.”—Aaron Lees, Esq., in First Factory Comm. Report, D. 2, p. 91.

to reduce wages, even if they were left to themselves. But this can hardly be hoped. There is another result still more disastrous, to which they clearly tend, and which already begins to manifest itself. This is, the formation of hostile combinations among the masters. None can reprobate more heartily than we do confederacies among those whose wealth gives them a commanding influence over the welfare and subsistence of the working classes. But if they are in danger of being the victims of a confederacy, it is not surprising that they should seek to enlist in their defence an instrument which is likely to prove so fatal when directed against them. In England this means of protection has not always been resorted to, because proprietors are engaged in so active and keen a competition among themselves as to render concert and co-operation almost impossible. But in this country, where competition is less close, and is conducted on more generous principles; where the workman, too, has so little just cause for complaint, and is able to exercise so powerful an influence, there is every motive which interest or sympathy can supply to produce union among the employers. It will be produced. Already render calico-printing an unerring and expeditious process, are the results."

"One day I observed placards posted throughout Manchester, announcing that a considerable number of yarn-dressers for power-loom weaving were wanted at a well-established factory, and I was led to conclude that some of the best-paid artisans had become refractory. A short time after, on entering the engineering workshops of Mr. Lillie, I descried the corollary of the strike in the form of a new apparatus, preparing for the purpose of making free labourers to dress warp as well as the monopolists, and with threefold expedition."—Dr. Ure's *Philosophy of Manufactures*, p. 365, et seq.

the first steps are taken. In some trades and places, the rallying-point has been established; and it is for the Unions to say whether there shall not be a gathering of all master mechanics, who would enjoy the privilege of controlling their own concerns, and escape the tyranny of a dark and irresponsible junto. Should such a contest, so organized, ensue, we need hardly say what must be its issue: a contest in which men with capital, talent, and influence, upheld by the support and sympathy of all other classes of their fellow-citizens—cheered on, too, we might add, by the friends of liberty and good order throughout the world, are arrayed against those who have no capital, who are without sympathy even in their own families,* and who have no power but the reckless power of a mob. There may be violence and wasting destruction. The torch of the incendiary may be applied to the shop, and even to the dwelling of the master. It may become unsafe for him to go forth by night, or even by day. Still the issue is none the less certain. Workmen cannot long subsist without food. Outrages such as we have referred to cannot be perpetrated often, and yet escape the arm of the law. In a country where four fifths of the people belong to the agricultural class, and find themselves injured by the proceedings of Trades' Unions—where cities, too, are not yet so vast and so corrupt as to place all law at defiance, combined workmen have little to expect in the way either of victory or of immunity. Defeat, punishment, and abject submission must be the

* It is difficult, we believe, to find advocates of Trades' Unions among the wives of the members.

result of a protracted and organized contest. Nor will that be all. The men, by that contest, will have taught their employers the fell power of a combination. They will have extinguished their kindly feelings, and transformed them from friends into foes. The public, weary at last of the din of the conflict, may turn away, and leave both parties to seek mutual redress and retaliation in one unending series of wrongs. Is this a consummation to be wished? Is it well that different orders of our people should thus be arrayed in deadly feud; a feud which must make the poor poorer, and teach the rich to riot and glory in oppression? Of all states of society, we can imagine none more lamentable or fatal. Let it once arise and continue, and servile classes must be formed, servile wars ensue, castes, privileged and unprivileged, be established; and this, the chosen land of freedom, become the land of bondage and degradation. We do not contend that all these evils are to be the consequence of the present struggle between workmen and their employers. But we do say that such a struggle cannot perpetuate itself, and be extended till it comes to embroil men of all classes and pursuits, without ending in a catastrophe too dreadful to think of.

It may be said, however, that all these evils might be avoided if Trades' Unions could embrace both masters and men, and thus arrange, by mutual agreement, the rate of wages. In this way all collision of interests might be prevented, and both parties participate in due proportion of the profits of business. And such, we apprehend, is the hope and expectation of the more reflecting and conscientious members of the Union, who have joined it, not from factious motives, but from the

honest desire of advancing their own order. But even to such a plan there are insuperable objections. All history testifies that such combinations will, in the end, prove to be combinations of one class against the rest of the community ; plans to advance the interests of a part at the expense of the whole. The experiment was tried for ages in Europe. Boroughs, corporations, and guilds were all so many unions of masters and journeymen in order to regulate the hours of labour, the number of workmen, and the rate of wages ; and the consequence was, that they “felt power and forgot right ;” exacted prices from the purchaser, and placed restrictions in the way of industry which proved intolerable. The rise of Birmingham, Manchester, Leeds, and other great trading towns, is to be traced directly to the oppressive power wielded by neighbouring boroughs ; a power which, in effect, levied contributions on all the rest of the community, and suffered no man to engage in trade except as it suited their pleasure. Nor are such combinations objectionable merely on account of the injustice done to those not comprehended in them. In the course of time they call down retribution on themselves. By enhancing the cost of articles to the consumer, they impel him to dispense with them if it be possible, and thus they tend directly to diminish the value of the labour which is employed in producing them. Take the following case, in which the whole power of the British Parliament was invoked to sustain such a combination, and invoked in vain : “The mechanics, connected with the mystery of drapers, incorporated in the town of Shrewsbury, complained

that artificers, neither belonging to their company nor brought up to their trade, 'had of late, with great disorder, upon a mere covetous desire and mind, intromitted with and occupied the said trade, having no knowledge, skill, or experience of the same, and do buy, commonly and daily, such Welsh cloths and flannels as is defective, and not truly made, to the impeachment and hinderance of 600 people of the art or science of sheermen or frizers within the said town, whereby as well they as their poor wives and families are wholly maintained.' The Legislature listened to this representation, and expelled the rival artisans. (8 Eliz., c. 7.) Six years after, the act was repealed, with an avowal that 'it is now likely to be the very greatest cause of the *impoverishing and undoing* of the poor artificers and others, *at whose suit the said act was procured*; for that there be now, since the passing of the said act, *much fewer* persons to set them to work than before.' (14 Eliz., c. 12.)"

We have thus spoken of the influence which Trades' Unions are likely to exert in lowering the wages of workmen, involving them in contests with their employers, and preparing the way for their permanent depression. There is another evil resulting from them which merits solemn consideration. It is the moral debasement to which they lead. They congregate workmen, night after night, in tumultuous assemblies, where their passions are inflamed and their principles poisoned. Possessed with the notion that the working classes are oppressed—that their sufferings are not the consequence of their own errors or misconduct, but of the injustice of others—these clubs make it the

interest and the duty of every member to strengthen such impression in his own mind, and to communicate it to others. Hence come discontent and insubordination. From discontent and insubordination come strikes; and strikes take men from their proper pursuits, to spend whole days in the streets or at the alehouse. Thus habits of industry are weakened or destroyed; and the mechanic, accustomed, meanwhile, to draw subsistence from the treasury of the Union, loses that lofty spirit of independence, and that provident concern for the future, which are the best security against both oppression and want. Tippling and gambling, of course, are called in to fill up the vacant hours; and it is a fact, that men pass through but one or two strikes before they become careless in regard to their families, neglectful of their business, and dissipated in their habits. On this point the tendencies are so evident, and the facts so numerous and incontestible, that we need not enlarge.

We have dwelt at such length upon the character of Trades' Unions, because they appear to us to represent some of the most striking tendencies, and to embody some of the most dangerous heresies of the age. They exhibit, on a small scale, the disposition so widely prevalent in this country, to substitute the power of associations or parties for the authority of law, and to gain unrighteous advantages by means of disciplined and confederated numbers. They exhibit, too, the alarming disposition which prevails among us, to excite and foster jealousies between those who ought to be perfectly united, and who, according to the theory of our government, are *all working*

men and all gentlemen. Their whole strength they derive from the notion that there is an essential opposition between the rights of capitalists and labourers ; that the one class can be sustained and advanced only by crippling the other. This error, in which they take their rise, they contribute fearfully to strengthen and extend. We would hold it up, therefore, to the consideration of the philanthropist and patriot. If they would see the spirit of misrule and licentiousness exorcised, they must labour more strenuously to let in light upon its dark retreats. They must themselves strive, and incite others to strive, that the knowledge of correct principles and the influence of Christian morality be spread among all the people. The zeal for monopolies has been shaken among the mercantile class, because they have gradually acquired more just and enlarged views of their own interests. Could such views be more thoroughly disseminated among the labouring classes, they too would discover that they need no protection from organized Unions ; and that they best consult their own prosperity, when they most respect the rights and prosperity of others. But, above all, should redoubled efforts be made to spread among our countrymen the influence of pure and undefiled religion. Without this, we are lost : we may be lost soon. Even now there is much in this young and favoured land to awaken melancholy forebodings. Loaded with blessings, which make us the envy and admiration of labouring men throughout the world, we are yet discontented and factious. Clamorous in the praise of our peculiar institutions, we yet seem to understand but poorly their true nature or

value, or the dangers to which they are exposed. Dependant for all our order and future welfare on the due administration of law, we are yet constantly taking or submitting to measures which tend to prostrate the influence of courts and to overthrow the authority of magistrates. Allegiance to party is getting to be rewarded, we had almost said honoured, before allegiance to country; while independence of individual opinion and feeling is crushed under the ruthless car of popular passion and prejudice. Is there nothing in such a state of things to excite alarm? Is it not time, more than time, that all who love their country should combine to stay the progress of dangerous errors, to allay the violence of faction, to promote kind feelings among the various classes of our people, and to build about our lovely heritage the sacred defences of piety and truth!

SUMMARY OF PRINCIPLES.

CHAPTER I.

DEFINITION AND LIMITATION OF THE SCIENCE.

1. Political Economy shows how the happiness of a nation can be best promoted by the production and distribution of wealth.

2. It is limited,

1st, By its *object*, which is happiness, only so far as that happiness depends on, or is influenced by wealth.

2d, By its *evidence*, which is probable or moral, not certain or demonstrative.

CHAPTER II.

RELATION OF WEALTH, LABOUR, AND HAPPINESS.

1. *Wealth* comprehends whatever has *exchangeable value*, or, in other words, "all the *purchaseable* means of human enjoyment."

2. Exchangeable value is given to different objects according,

1. To prevailing taste.

2. To proportion between demand and supply.

3. To amount of labour expended on their production.

3. Usually nothing has exchangeable value unless labour has been applied to it.

4. Labour is exertion for the sake of gain, which creates new or adds to pre-existing values.

5. Labour conduces to happiness not only through the values which it creates, but also by affording occupation.

6. The severity of particular kinds of labour is qualified in *some cases* by the peculiar taste of the individual ; in *all* by *habit*, and by increased compensation, or by the little knowledge and mental effort required.

7. Labour, in order to conduce both to happiness and production, must be,

1. *Free* in respect to direction and quantity.

2. *Remunerated*. Remuneration should be sufficient to supply food, clothing, comforts, and instruction to the labourer and his family ; and also to afford a fund for sickness, want of employment, and old age.

8. The happiness produced by a nation's wealth is to be measured, not by *the aggregate amount* of such wealth, but by the number of persons whom it subsists in comfort.

9. To subsist in comfort requires, not luxuries, but a supply for our physical, intellectual, and moral wants.

10. Therefore the great object of Economical Policy should be to secure such a supply for the greatest possible number of people.

CHAPTER III.

THE CONDITIONS OR ELEMENTS OF PRODUCTION.

These are :

1. *Labour*, which has been discussed.
 2. *Private property*, as opposed to community of goods. This is founded,
 1. In *right*; every man being entitled to exclusive possession and control of the fruits of his own industry.
 2. In *expediency*; since men, if free to appropriate to themselves the results of their labour, will be free also to select the occupation in which he can produce most, and will, at the same time, be disposed to do more work, and to do it better than if the proceeds were to go to the community.
 3. *Land*, including all natural powers and agents which can be employed in production.
 4. *Capital*, i. e., the results of previous labour saved by abstinence from immediate gratification, and employed (whether as tools, machines, materials, subsistence for labourers, or money) in re-production.
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CHAPTER IV.

MEANS OF INCREASING THE PRODUCTIVENESS OF LABOUR.

The general means treated of in this chapter is Co-OPERATION, which may be resolved into,

1. **DIVISION OF LABOUR.** This is indispensable to any except the most scanty production.

(a) It augments production :

1. By leading to increased skill and manual dexterity in workmen.
2. By saving time and economizing power.
3. By occasioning the invention of tools, machines, and new processes.

These advantages hold with respect to intellectual as well as to manual labour.

(b) It arranges itself spontaneously under the guidance of individual self-interest, &c., and operates without jar or disturbance, as we see in the supply of a great city with food.

2. **EXCHANGE.** This is inseparable from *division of labour*. It takes the form of,

(a) *Barter*, i. e., exchange of commodity against commodity.

(b) *Currency*, i. e., exchange through a common medium called *money*.

(c) *Credit*. Utility of credit exemplified in Scotland and Bank of England.

For money, no substance is so good as the precious metals, because,

1. They best serve as a *common measure* of value, being liable to the least fluctuation.

2. They are best fitted as a *circulating medium*, since they are

(a) universally esteemed :

(b) do not lose much value by use or time

(c) contain much value in small bulk :

(d) admit of convenient subdivision :

(e) can be *stamped*.

CHAPTER V.

COMPENSATION OF LABOUR, OR WAGES.

1. By *wages* we mean that portion of the joint produce of capital and labour which falls to the labourer's share.

Scholium. In this chapter we mean *real*, not *money* wages; i. e., wages estimated by their power of purchasing subsistence, not by their nominal amount.

2. As labour becomes more productive through subdivision of employments, machinery, and facilitation of exchanges, wages ought to rise.

3. Such would be the case if labour and exchanges were not unnecessarily embarrassed by law, by combinations, or by ignorance.

4. Under the most equitable system, however, the wages in different employments would be *unequal*. They must and ought to be proportioned,

I. To the productiveness of the labour, which will depend,

1. On the labourer's *ability*, natural or acquired.

2. On his moral worth or honesty, &c.

II. To the time and expense previously required to prepare and educate the labourer.

III. To the *scarcity* of such *ability*; which scarcity tends continually to decrease from spread of knowledge, competition, &c.

5. When wages are permanently insufficient for the comfortable support of the labourer, it must be owing to his vice, ignorance, and improvidence,

which depreciate the value of his services, or to defects in the laws and usages which regulate his compensation. The first can be obviated only by raising the character of the labourer; the second partly by legislation, but more by the efforts of enlightened and philanthropic public sentiment.

CHAPTER VI.

LAND—AND THE CONNEXION BETWEEN ITS PRODUCTIVENESS AND THE TENURE BY WHICH IT IS HELD.

1. By *land*, Political Economists understand whatever natural powers (whether of soil, minerals, or water) are attached to the earth's surface.

2. These powers become *productive* only when combined with labour; with labour they can be combined to no great extent till they are *appropriated*. Hence,

3. *Property in land* is the first and most essential condition of all production.

4. This property is held by various tenures; and, according to the tenures, other things being equal, will be the productiveness.

I. In Asia, the proceeds of the soil are divided between the occupant-labourer (or *ryot*), the tax-gatherer (or *zemindar*), and the sovereign. The two former have each an hereditary and transferable interest in the produce. The sovereign, being absolute, generally exacts as much as he can, without destroying the labourer.

In *theory*, the *ryot* may be considered as the

owner of land : in *practice*, it belongs to the sovereign.

II. In Europe, the power of the sovereign has been limited, and the title to land during the middle ages vested principally in lords and barons. It was cultivated by *serfs* or slaves, of whom some were saleable like cattle, and might be severed from the land ; others were attached to the soil, and could only be alienated with it. They had the produce of a small parcel of land for their own subsistence, but were obliged to labour, most of the time, on land, all the produce of which went to the proprietor.

At present, this system exists only in the north-eastern parts of Europe. Elsewhere it has been succeeded by *free* labour, and by a tendency to the system of free ownership which exists in the United States.

The disadvantages are,

1. Idleness, carelessness, want of skill, and want of honesty on the part of the labourer.
2. Idleness, prodigality, and tyranny on the part of the master.

III. In the south and west of Europe, at an early period, *serfship* was replaced by the plan of *sharing the produce* between the labourer and the cultivator. The latter (called *metayer*) is a voluntary tenant, finding labour to co-operate with the owner's seed, tools, stock, and land.

The disadvantages of this system are,

1. Mutual jealousy.
2. Oppression on the part of the proprietor.

3. Waste of stock, &c., by the tenant.

4. Want of capital.

IV. In Great Britain, Holland, &c., land is generally cultivated by tenants who occupy it for a considerable term of years at a stipulated *money-rent*. These tenants have been protected against the rapacity of landlords by law, and have been aided by the gradual fall in the value of money.

The advantages of the system consist in the inducement held out to the proprietor to be liberal : to the occupant to be industrious, frugal, and enterprising.

The disadvantages, in the want of motive to the tenant to make *permanent* improvements in cultivation, and to rely upon himself.

V. In the United States, land is generally occupied and tilled by the owner. Thus capital and labour, being in the same hands, co-operate without jealousy. The spirit of enterprise and self-reliance is cultivated, and the utmost motive is held out to industry, economy, and intellectual improvement.

The same system prevails in the British provinces and in South America. That it does not produce in them the same results, must be attributed to the inferior character of the cultivators, and to the interference of unwise laws restraining industry.

CHAPTER VII.

CAPITAL.

1. Labour would be powerless unless aided by the accumulated results of previous labour.

2. These results are of *three* kinds :

I. Such as are affixed to land.

II. Such as are incorporated with human ability, and thus become personal endowments.

III. Material and moveable products ; of which a part is reserved for gratification, and another part is employed in reproduction.—

The latter only is termed *Capital*.

3. *Capital*, then, is that portion of the moveable stock of a nation which is intended to aid in reproduction.

4. Of this a part may be employed in reproduction by him who originally produced it. A large part, however, must be sold or loaned to others.

5. If sold, the proprietor is, of course, entitled to an equivalent ; if loaned, to hire or remuneration ; if employed by himself, to revenue. The capital being useful, he is entitled to be paid for such use, whether in his own hands or in another's.

6. The great use of capital is to *employ labour*. Hence it has a right to share with labour the proceeds of their joint agency.

7. The sum thus received for the use of capital is called, generally, *profit*. When loaned to another, however, it takes the name of *interest*.

8. The right to *interest* and profit is founded,

I. In right ; as we have seen.

II. In expediency ; since no one would save, or, if he did, would allow his savings to take a productive form, unless he could be remunerated.

9. This interest or profit is paid,

I. For the use of the capital, or, in other words, as a compensation for abstaining from its immediate consumption.

II. For the general risk of losing it.

III. For particular risks growing out of the character of the business, borrower, &c.

IV. For the time during which it is in use.

10. *Circulating* capital is that which is consumed and renewed within the year. All other is *fixed*.

11. The disposition to spend, by lessening capital, diminishes production ; the disposition to save, by increasing it, tends, on the same principle, to augment production. Hence the advantage to a nation of *high* profits and a high rate of interest.

12. The passion for saving may be carried too far.

CHAPTER VIII.

VALUE.

1. By *value* here, we mean value in exchange, or purchasing power.

2. This is *relative*, not real or absolute.

3. When the supply is abundant, and the article in demand, its value will be proportioned to the labour of production.

4. When the supply is limited, value will depend on the ratio between supply and demand.

5. There can be no permanent supply unless the market value equals the *costs of production*. These costs include,

I. *Wages of all* the labour employed, whether in *making, transporting, preserving*, or *vending* the article.

II. *Capital* consumed, with profit on the same for the whole time.

III. Revenue for superior fertility of soil, advantages of position, secret processes, &c.

This last revenue is sometimes termed *monopoly*, because the right to receive it is not equally accessible to all.

This right, however, is founded,

I. In equity; unless it be the result of fraud or force.

II. In expediency; since it encourages foresight, invention, and personal improvement.

6. Since value depends on the ratio of supply and demand, consider,

I. That DEMAND varies.

(a) If for *necessaries and comforts*, with

1. The number of people.

2. Their tastes and habits.

3. Their means of purchase.

This demand is, on the whole, *steady*.

(b) If for *luxuries and superfluities*, with the *fashion*. Hence this demand is very *unsteady*.

II. That SUPPLY varies with,

1. *Seasons*.

2. Vicissitudes of war, peace, &c.

3. Amount of knowledge enlisted.
4. Current rate of wages and profits.
5. Monopoly charges.
6. Taxation.

7. The constant tendency is to equilibrium between demand and supply. ✓

8. In regard to the effect of different *investments* of capital on value, consider,

I. That money in hand is *unproductive*.

II. That, invested in private securities, such as mortgages, bills, bank or railroad shares, it is *available*, but subject to risks, and not constant in value.

III. That, invested in *productive* business, it should yield a gross profit sufficient to pay for both use and risk, for all labour of the proprietor and others, for use of buildings and all expenses.

IV. That, invested in personal knowledge, professional skill, &c., it is subject to risk from sickness, death, want of employment, &c.

V. That, invested in land, it is more safe, but less *available*.

VI. That, invested in the cultivation of land owned by another, it must yield a revenue sufficient to replace what is consumed, with interest, and afford a fair profit on the remainder.

VII. That, invested in manufacturing, mining, or shipping, it must yield enough to replace what is consumed, pay interest on the residue, remunerate for personal services, &c.

9. When the supply of goods so far exceeds the

demand that their price falls below the costs of production, there is said to be a *glut*.

10. Gluts are general or partial. A general glut is usually owing, in the first instance, to a sudden rise in the value of money. It is aggravated by the necessity many producers are under of continuing and even enlarging their operations, though they sell at a loss.

It is alleviated by the withdrawal of other producers from the business, by the new demand for goods occasioned by cheapness, and by inventions which cheapen the production permanently.

CHAPTER IX.

DISTRIBUTION OF WEALTH.

1. The two principal means of increasing the aggregate wealth of a country are *Education* and *Freedom*.

2. The same means tend also to increase the portion of each individual who contributes to production.

3. The portions which fall to different individuals may be *equitable*, and yet not *equal*; since, owing to diversity of talent, industry, &c., one will necessarily contribute much more to production than another.

4. Even accidental advantages, such as that of soil, position, &c., entitle their proprietor to corresponding gains, since,

1. It is impossible to distinguish what is accidental from what is the result of effort.

2. Because no one else can prefer so good a claim to these gains.

5. The right of disposing of one's property by will is involved in the very idea of ownership. It also encourages industry and economy.

6. In some countries, as France, the law abridges this natural right too much; in others, as Scotland, it does not limit it sufficiently. Entails and mortmain are impolitic, since, on one hand, they perpetuate property independently of the industry and care of the owner, and, on the other, deprive him too far of control over it.

7. The property of intestates is given by law to their nearest kin, on the presumption that such would have been their own will.

8. Labourers, land-owners, and capitalists are usually enumerated as the parties among whom wealth distributes. These can hardly be distinguished, least of all in the United States. The labourer is usually, to some extent, a capitalist, and vice versa.

9. The proportion which each receives can be fixed justly only by free contract.

10. Law ought to interfere only to protect persons and property, and to encourage production.

CHAPTER X.

PRODUCTIVE INTERESTS.

1. These are *Agriculture, Manufactures, and Commerce.*

2. (a) *Agriculture* is the employment of all whose

land, capital, or labour is applied to the production of food or raw materials.

(b) Improvement has, until lately, been slow, and ought to be accelerated.

3. (a) *Manufactures* include all who apply labour or capital to working up raw materials for use.

(b) They call for greater division of labour than agriculture.

(c) In Europe, free and chartered associations, called guilds, trades, &c., contributed to *perfect* the arts, but not to *multiply* their products.

(d) The modern system of manufactures, i. e., of carrying on production in large establishments, and with the aid of inanimate forces, has contributed to multiply products, perhaps less to perfect them.

(e) This system has, in England, with many benefits, brought some evils :

1. To factory operatives.

2. To agricultural labourers.

4. *Commerce* includes all who contribute by labour or capital to the free and rapid interchange of products.

(a) In proportion as they add to the value of products to the consumer, by saving him trouble and time, and securing him against scarcity, they are entitled to remuneration in the shape of wages, profits, or both.

(b) Foreign and domestic trade are alike useful, by multiplying enjoyments, and by inciting to industry, invention, and economy. Under certain limitations, both ought to be free.

5. These three productive interests are mutual-

ly useful and dependant, and should therefore co-operate.

If agriculture has been most esteemed, it is not because in it labour is most productive, but because one of its chief products, *food*, is pre-eminently necessary and useful.

THE END.



